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incentive marketing

INCORPORATING incentive travel

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FACTS ISSUE

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SPECIAL READER SURVEYS ON

- 1980/81 Incentive Usage
- Sales Force Incentives
- Dealer Incentives
- Incentive Travel
- Consumer Premiums and more...

A BILL PUBLICATION

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CENSUS OF USAGE 1981: $9,740,332,000

The corrugated course of the economy in 1980 and 1981 produced a few bumps and some changes of direction for the incentive field. But overall application of the techniques has continued to serve marketers well, with moderate growth at a rate of more than 12 percent each year.

Two shifts in direction occurred during the period. First was a move to intensified consumer promotion in relation to total incentive usage, dictated by market conditions. But before that forecast turn had run the full 1980 course, another—and opposite—change began.

Coming out of a recession in the fall of 1980, but with a sluggish economy early this year that headed back for another recession, the marketplace demanded a return to more extensive use of trade promotion, particularly salesforce incentives to move goods and services through the distribution channels.

These developments are shown by response to IM's 14th annual FACTS Census Survey of user companies in all industries. The reading of 1980 activity is based on actual reports of dollar expendi-

FAST FACTS . . . Highlights of the IM Reader Survey

- *Two good years for the incentive field, with growth of more than 12% in 1980 and 1981.*
- *Two shifts in direction: a swing to consumer incentives in 1980, then a reversal back to trade efforts—particularly sales force incentives—as the economy began to tighten up in 1981.*
- *Trade incentive usage grew about 18% in 1981, against 8.4% growth for consumer incentives. Especially dismal: manufacturer-sponsored consumer premium promotions–up just 5.8%.*
- *Overall in 1981, 53% of survey group reported spending more than previous year, 13% less, and 34% the same as before.*
- *But signs are that real level of activity is rising faster than dollar expenditures indicate. Many users are making concerted efforts to reduce total costs and get the same job done with fewer dollars—or at least a smaller dollar increase than inflation might decree.*
- *Example: most indices of incentive effectiveness are positive. Indicators of performance are up, and levels of participation in trade incentives compare well with past years.*
- *Food industry continues as the field's dollar leader, up 14.7%. Auto parts—the largest user of trade incentives—up a modest 9.0% overall in 1980, while dealer incentive spending in this area suffered a slight drop.*

ture in that year, with 1981 estimates emerging from the same companies' forecasts of their plans for this year.

In total dollar expenditures, the survey revised the earlier 1980 forecast by only about $20 million to a new estimate of $8,644,251,000, about 12.3 percent ahead of the 1979 spending pace. A projection to 1981 made last January has changed little percentagewise: from 12.8 percent to 12.7 percent. However, with the start from a slightly lower 1980 total, the latest '81 forecast is down about $37 million—anticipating 1981 volume will wind up around $9,740,332,000.

There is a common conception the incentive field is "recession-proof." While this cannot be totally true, it is a historical fact incentives lag some months behind the dip in the general economy and a recession tends to stimulate some incentive approaches, notably in trade categories. If consumer markets are sluggish, even a constant number of promotions will generate reduced dollar spending. The burden tends to fall on motivating salespeople to break through the barriers and move product.

Trade incentives take 1981 lion's share

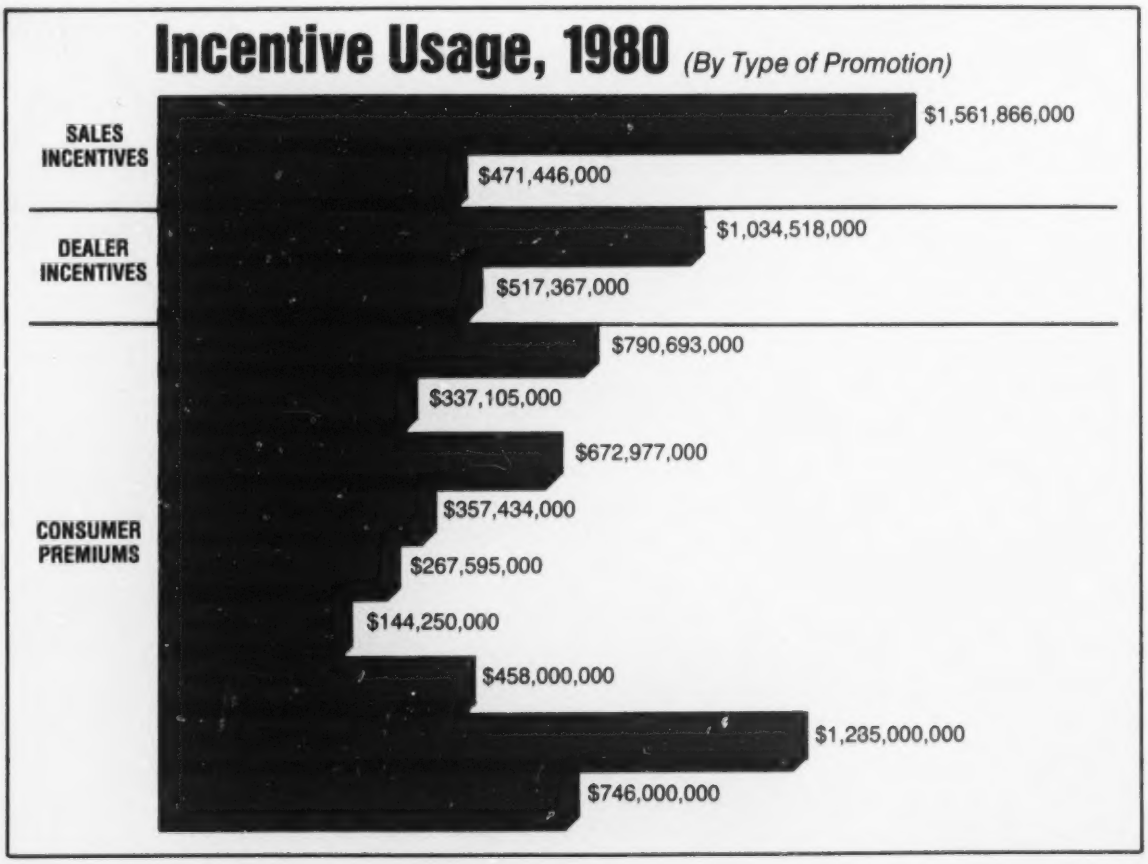
In the 1980 Incentive Forecast (IM, January 1980), we suggested 1980 would be "The Year of the Consumer" in incentive usage. After a few years of larger gains in the use of sales and dealer incentives, users told us they were planning greater emphasis on consumer promotion. Sales incentives, the survey said, would increase about 10.8 percent and dealer promotions would advance 11 percent, while the total field was calling for spending increases of 12.6 percent. Consumer techniques were seen as rising by 14.9 percent in dollar outlay.

A funny thing happened on the way to year-end—recession changed the pattern. While dealer activity gained even less than anticipated—10.3 percent against the 11 percent forecast—sales incentives rose by 12.7 percent for the year, slightly ahead of the total field.

The total of both trade categories in 1980 did not advance quite so much as did consumer promotion. All trade incentives rose by 11.6 percent, while manufacturers' consumer promotion went up 12.3 percent, and retail promotion gained 13.3 percent.

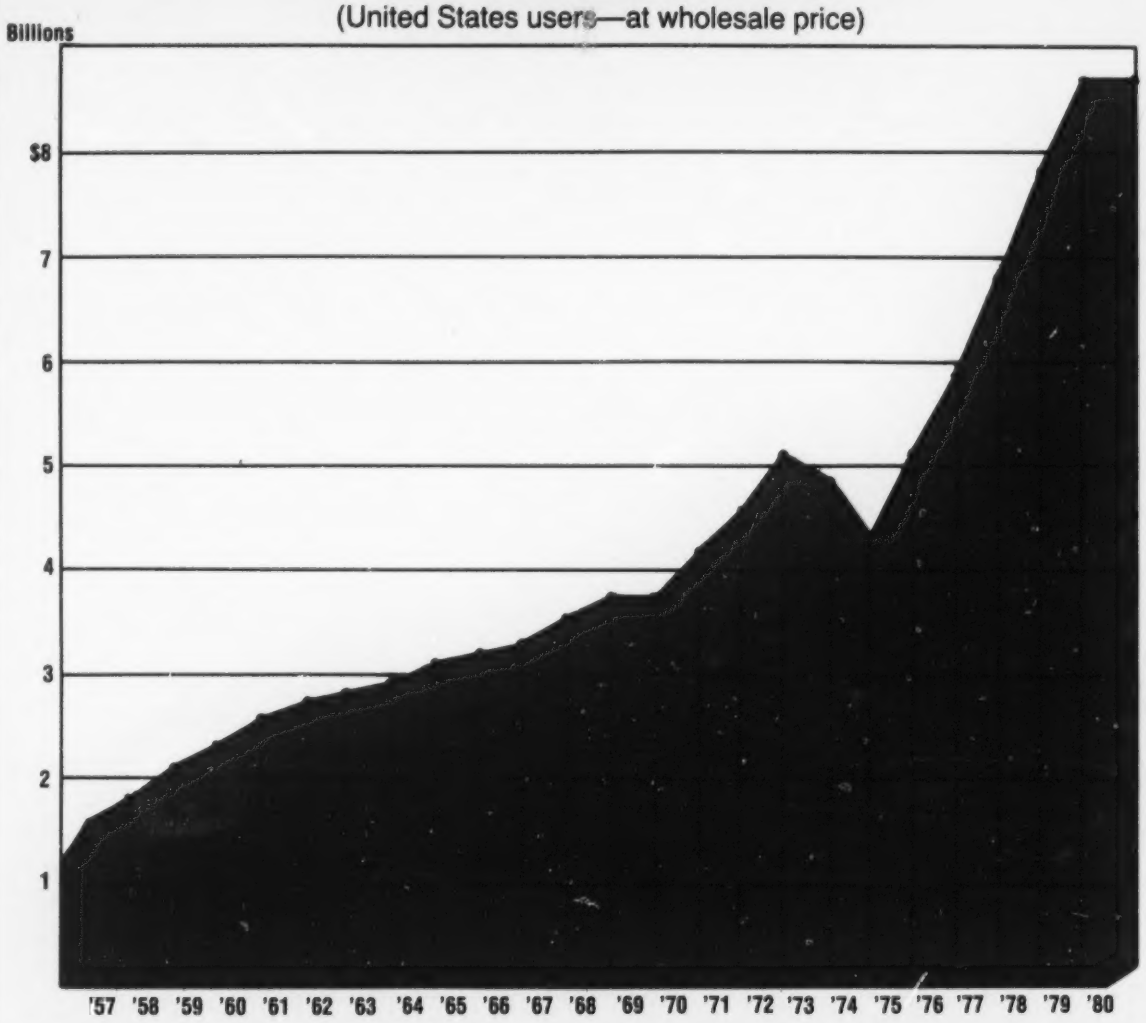
Thus, although "The Year of the Consumer" was not spectacular, the emphasis did hold throughout 1980. But with the trend shifting in the second half, the scene was set for the turnabout occurring in 1981.

Forecast figures for this year show trade incentives—both sales and dealer—will have risen 18 percent over the 1980 level, with manufacturers' consumer efforts up only 5.8 percent and retail usage increasing by 12.2 percent. Lumping manufacturer and retail consumer growth together, the to-



Total Incentive Usage

(United States users—at wholesale price)



Total Dollar Volume*

1969—$3,772,000,000
1970—$3,796,000,000
1971—$4,222,505,000
1972—$4,649,653,000
1973—$5,023,184,000
1974—$4,829,964,000
1975—$4,236,305,000
1976—$5,026,535,000
1977—$5,841,575,000
1978—$6,719,687,000
1979—$7,696,138,000
1980—$8,664,251,000
1981—$9,740,332,000

***Source: 1967-1981 IMF survey**
Prior years: Premium Practice estimates

THE INCENTIVE MARKET AT A GLANCE

		Expenditures 1981	% Change Prior Year	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Prior Year	Expenditures 1978	% Change Prior Year
TRADE INCENTIVES	**Sales Force Incentives**								
	(Merchandise)	1,913,286	22.5%	1,561,886	12.1%	1,392,742	14.8%	1,213,563	17.4%
	(Travel)	528,020	12.0%	471,446	14.6%	411,403	13.9%	361,294	19.1%
	Total	2,441,306	20.1%	2,033,312	12.6%	1,804,145	14.6%	1,574,857	17.8%
	Dealer Incentives								
	(Merchandise)	1,196,937	15.7%	1,034,518	9.7%	943,306	14.8%	822,052	15.3%
	(Travel)	591,868	14.4%	517,367	11.5%	463,817	8.9%	426,043	15.2%
	Total	1,788,805	15.3%	1,551,885	10.2%	1,407,103	12.7%	1,248,095	15.2%
	Travel Incentives								
	Total	1,119,888	13.3%	988,813	13%	875,220	11.2%	787,337	16.9%
	Trade Incentives								
	Total	4,230,111	17.9%	3,585,197	11.6%	3,211,248	13.7%	2,822,952	17.4%
CONSUMER PREMIUMS	Self-Liquidators	840,507	6.3%	790,693	12.1%	705,055	14.4%	616,365	15.4%
	Free Mail-In Offers	370,816	10.0%	337,105	12.1%	300,608	15.5%	260,290	13.5%
	Direct Premiums	635,290	(5.6%)	672,977	11.9%	601,674	13.0%	532,572	16.7%
	Factory-Packs	426,419	19.3%	357,434	12.1%	318,833	12.5%	283,306	14.9%
	Coupon Plans	293,284	9.6%	267,595	14.9%	232,888	16.5%	199,915	15.8%
	Sweepstakes, Contests	152,905	6.0%	144,250	11.1%	129,812	16.6%	111,287	16.7%
	Total	2,719,221	5.0%	2,570,054	12.3%	2,288,870	14.9%	2,003,735	15.0%
OTHER PROMOTIONS	Trading Stamps	471,000	2.8%	458,000	11.4%	411,000	14.5%	359,000	14.7%
	Other Retail	1,453,000	13.1%	1,285,000	14.0%	1,127,000	16.5%	967,000	14.8%
	Business Gifts	867,000	16.2%	746,000	13.4%	658,000	16.0%	567,000	6.6%
	TOTAL INCENTIVE MARKET—USA	9,740,332	12.7%	8,644,251	12.3%	7,696,138	14.5%	6,719,687	15.0%

(All numbers 000 omitted)

tal still comes to an increase of only 8.4 percent

We must conclude 1981 is "The Year of the Salesforce." While all trade activity is rising an estimated 18 percent, salesforce incentives are doing more than their share, with a gain rate of more than 20 percent.

"Effective" activity vs. cash expenditure

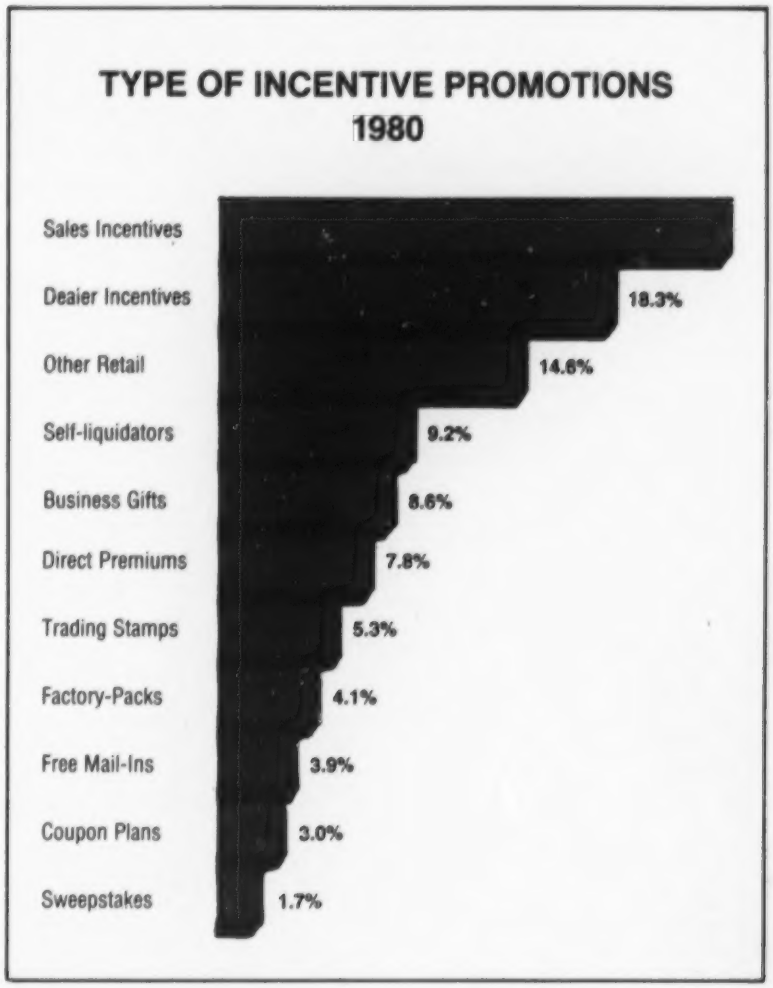
Sales incentives appear to be increasing their share of the budget from 23.4 percent in 1979 and 23.5 percent last year to a 1981 level of slightly more than 25 percent, a new high. The previous record of sales incentive spending, as a share of the total field, was 23.9 percent in 1975.

Despite the apparent shift of users' budget money from one pocket to another, the total picture of incentive spending appears very close to previous predictions, with the expansion of a bit more than 12 percent in 1980 and 1981.

Given the existing inflation during the period, this cannot be called a large growth rate. Yet there is evidence in the survey reports that real growth is occurring beyond what the percentages indicate. In many areas, particularly the trade-incentive categories, users are making concerted efforts to reduce total costs to get the same job done for fewer dollars, or at least at a smaller dollar increase than inflation might decree.

It appears that in many cases the real level of activity—effective activity—has been rising more than cash expenditure might indicate. Most of the indices of effectiveness are positive. Although the cost-effectiveness rating of trade incentives has slipped a bit as measured by percentage of incremental sales spent, all indicators of performance are up and sales increases and levels of participation compare well with recent past experience.

The rate of dollar expenditure has, however, been declining in percentage terms since the substantial decrease of 1975, when incentive spending dropped by 12.3 percent from the year before. In 1976, incentives came back strong, rising 18.7 percent. The next four years brought increases of 16.2 percent, 15 percent, 14.5 percent, and 12.3 percent. The 1981 forecast of a 12.7 percent growth at least suggests this pattern has leveled out since the field got back into action after the mid-decade recession.



Although available data on users' forecasts of 1982 plans are incomplete, there are early indications of a clear increase in the real growth rate of incentive effort.

Among the 13 incentive techniques evaluated in the Census Survey, there was a rather narrow range of expansion rates in the 1980 reports. Growth ranged from 9.7 percent for dealer incentive travel to 14.9 percent for the coupon plan, with salesforce incentive travel a close second at 14.6 percent. Merchandise incentives for retailers crossed the $1 billion mark for the first time, with reported spending of $1,034,518,000, and the total salesforce incentive efforts, both merchandise and travel, passed the $2 billion milestone, to an estimated $2,033,312,000 for 1980.

This year, however, it appears we have a much greater disparity. One technique—direct premiums—shows an expected decline of 5.6 percent; yet their close cousin, factory packs, are reportedly calling for expenditures 19.3 percent above last year's.

Biggest increase in sales merchandise programs

The champion for 1981 in terms of increases is salesforce merchandise incentives, climbing an estimated 22.5 percent—more than $350 million over last year's record figure, to a new high of $1,913,286,000. Merchandise awards to salespeople broke the $1

billion barrier only in 1977, and now comes close to doubling that spending rate.

The one area of decline in usage this year—direct premiums—takes its 5.6 percent loss largely from one industry group, Banks and Savings & Loan associations. It could be an illusory forecast.

Financial institutions made these predictions a few short months after the end of 1980's crisis brought on by the threat of a legal ban on premium usage, and may thus have been sitting with budgets earmarked for other forms of promotion.

The Depository Institutions Deregulation Committee, comprised of the five leading financial regulating boards in Washington, sought in May 1980 to ban all premium use. It was October before the sky cleared and the proposal was withdrawn.

Financial executives forecast hefty 1982 plans

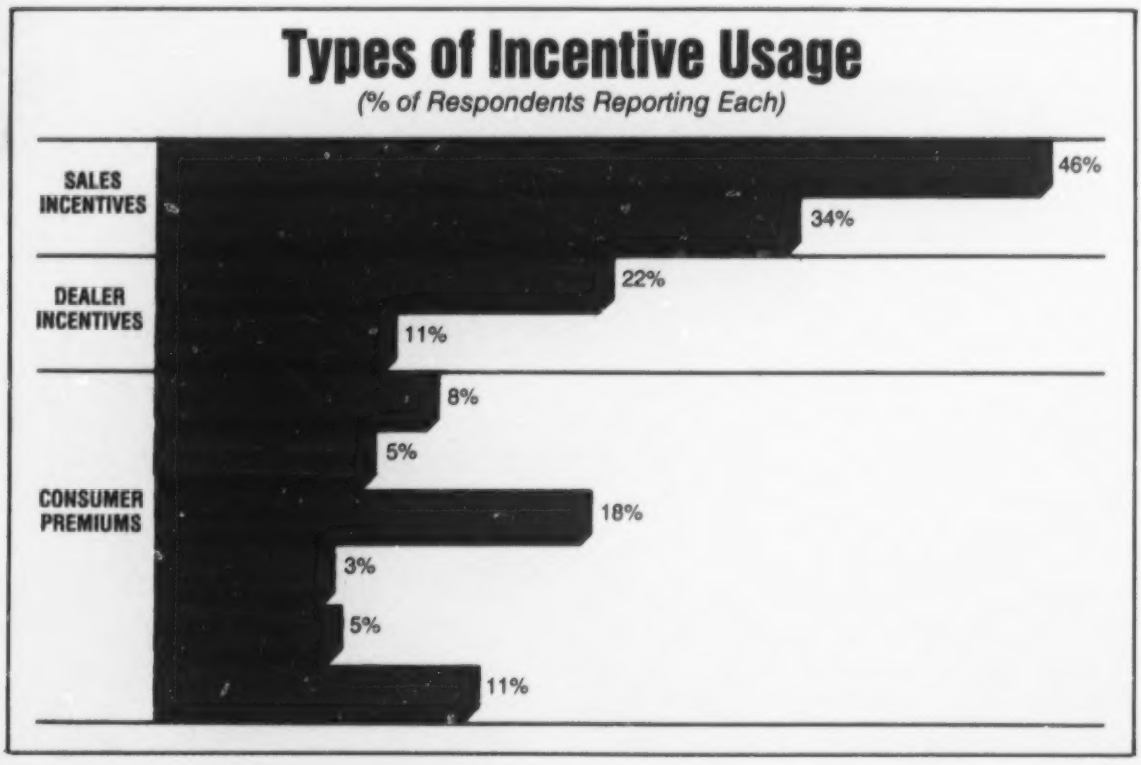
Bankers and thrift executives making future promotion plans in the second and third quarters of last year had no great impetus to plan the use of premiums this year. But general observation shows incentive use in the financial field has been high through most of 1981. Thus the drop in direct premiums—almost one-third of which are reports by banking and savings institutions—could be an illusion. This is further substantiated by the fact that the same financial executives have forecast a large increase in such promotion for 1982.

It appears the real level of activity—effective activity—has been rising more than cash expenditure might dictate. Most of the indices of effectiveness are positive.

There is also a considerable softness in the forecasts of usage in three techniques associated largely with packaged goods manufacturers: self-liquidators, expected to rise only 6.3 percent this year; free mail-ins, up an estimated 10 percent; and sweepstakes & contests, for which users say they will spend just 6 percent more than last year.

Also contributing a very weak performance in the 1981 estimates are trading stamps, which had been coming back after bottoming out in 1975. This year they are expected to gain a mere 2.8 percent in volume over 1980. Stamps had peaked in 1969 at $813,000,000, and then began to slide with the discount craze among supermarket operators. They lost two-thirds of their strength by 1975, falling to $267,000,000. From 1976 on, they have been coming back, managing a gain of 11.4 percent last year. Market circumstances this year have slowed the return trip to a crawl.

Other retail promotions look stronger. This large category—including continuity promotions,



tape plans, games, sweepstakes, and short-term stamp plans—has pointed to a 13.1 percent increase this year, after gaining 14 percent in 1980.

Business gifts, a hybrid technique crossing the boundaries—but more business than consumer-oriented—will account for 16.2 percent more spending this year than last, if the forecasts hold. This exceeds their 13.4 percent growth rate last year. The total usage this year would be $867,000,000 for good-will gifts, 80 percent or 85 percent of which will be given during Christmas.

Retail grocers stand out as big 1980 industry gainer

Among industries reporting heightened incentive activity last year, retail grocers stand out with an estimated 23.5 percent increased spending for such promotions. The biggest elements in their reported $773,000,000 spending were trading stamps, continuities, and tape plans, with games somewhat reduced from earlier years.

While total expenditure ranks this group as second only to food manufacturers, it is noteworthy that the retail field has expanded incentive use little in the past decade. In 1971, IM reported food stores invested $649,000,000 in premiums, meaning a growth since then of only 19.1 percent. This coincided with the period of the drop of trading stamps and move to a "discount" stance.

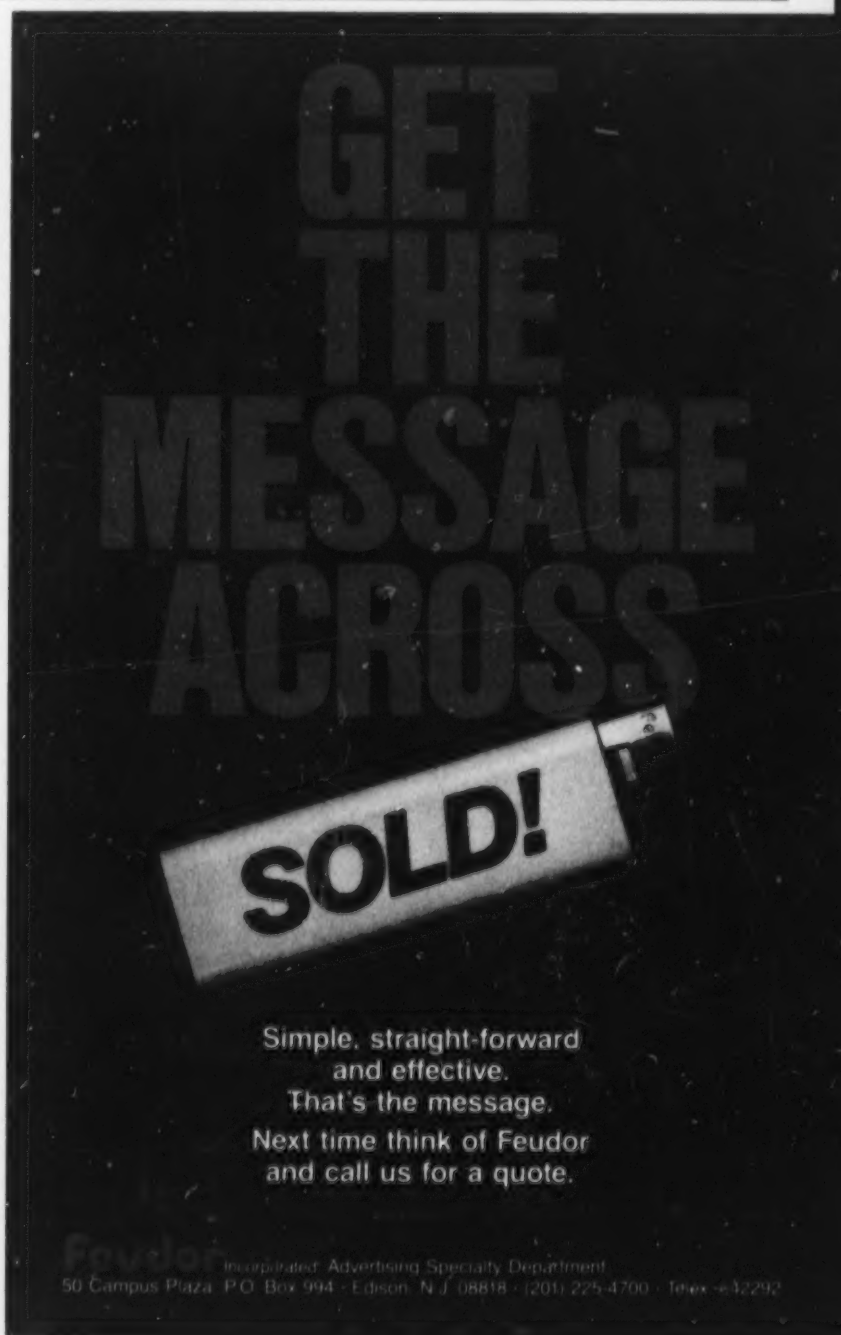
Other large gainers in 1980 included Furniture & Floor Coverings, up by 18.8 percent, with the largest expansion in merchandise incentives to dealers, up 24.2 percent, and free mail-ins, up 22.6 percent. Makers of Electronics, Radio & TV boosted their incentive spending by 17.9 percent last year, with the lion's share of the growth going for sales incentive travel, up 29.6 percent; and free mail-ins, which took a gigantic jump of 89 percent.

Automobile manufacturers, who were not having a year to remember, nevertheless increased incentive activity by 16.8 percent. It was a general across-the-board rise, but a bit weighted toward travel for salespeople and dealers, up 20.6 percent and 18.1 percent, respectively.

Also spending more than 16 percent more than the 1979 rate were Office Equipment manufacturers, up 16.4 percent, and Industrial Chemicals, up 16.3 percent, who showed as their largest increase a 20.4 percent rise in dealer travel campaigns.

Nine industries reported incentive usage below the field average of 12.3 percent: Apparel; Auto Parts, Accessories, Tires; Beer, Ale & Soft Drinks; Farm Equipment; Housewares & Home Furnishings; Paper Products & Packaging; Petroleum Products; Pharmaceuticals; and Public Utilities. In addition, the important category of Distributors & Wholesalers increased incentive activity last year by only 10 percent.

Each year since 1971, IM's survey report has pointed to the very largest user industries, and dubbed them the "Hundred-Millionaires' Club": those industries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spending $100 million or more for incentives in the survey year.

In the first report, there were eight such industries. Last year 18 were listed. While the field has indeed expanded, it is unfortunately true the increases owe more to inflation.

The 1980 FACTS issue added two from the previous list, which had increased by three. It may or may not be significant, as a measure of inflation, that there have been no additions this year. Two groups have changed position, however, in volume of usage: Banks and Savings & Loan moved ahead of Farm Equipment, and Heating & Air-Conditioning edged out Housewares & Home Furnishings. (*See chart page 29 for complete list*).

Without regard to industry, 52 percent of all surveyed users reported increased spending in 1980, while 11 percent said they spent less, and 37 percent showed no change in usage. In looking at 1981, 53 percent showed more incentive spending, 13 percent less, and 34 percent no change.

The category with the greatest number of users enlarging their programs in 1980 was merchandise incentives for salespeople: 57 percent spent more, only nine percent less, and 34 percent held the line. For 1981, two percent switched from the "more" column to "less," leaving 55 percent expanding their budgets. The same number, 34 percent, see no change in this year's expenditures.

The next largest number of executives reporting higher budgets came in business gifts, where 50 percent said they spent more last year and 47 percent are expecting to increase their outlays in 1981. Only six percent cut back on gift spending last year, and eight percent are doing so this year.

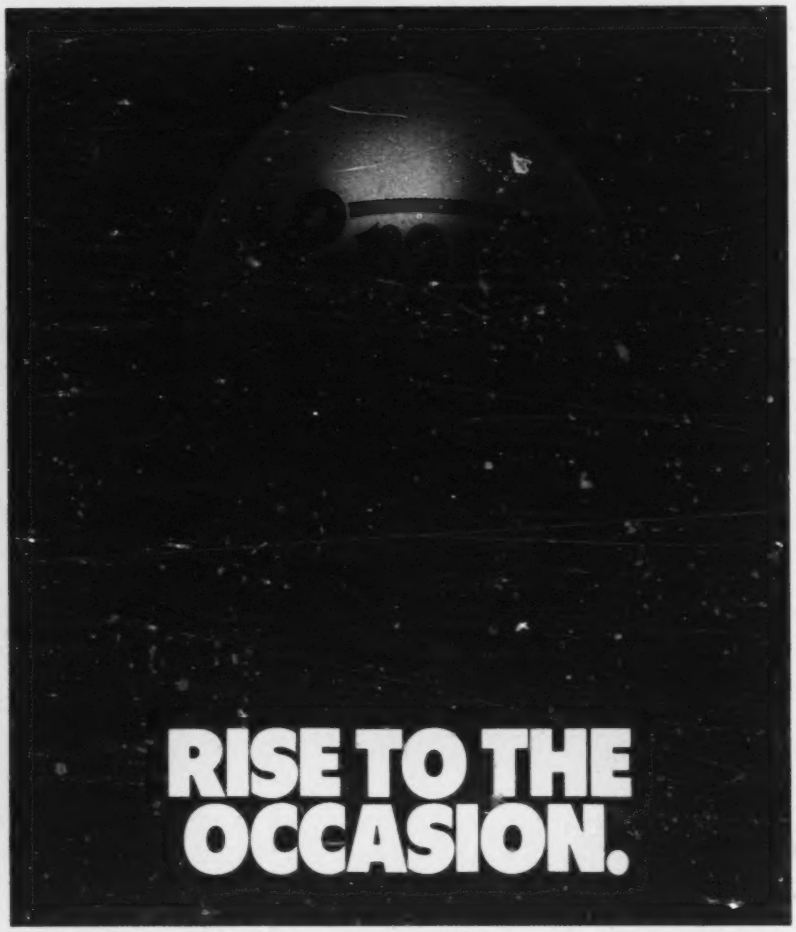
Results for 1981 sales & dealer promotions

What do they get out of it? What results are achieved by incentive users, and at what cost? This survey does not develop such answers for the many consumer promotion techniques, where not only the methods but the evaluation criteria vary widely. But executives do report on results of trade incentive programs, both to salespeople and dealers.

In the matter of increasing overall sales, these respondents show good progress this year, in a direct comparison with 1980 results. Merchandise programs aimed at the salesforce are averaging 18 percent sales increases, compared with 15 percent a year ago. In the case of travel, sales incentives are yielding an average this year of 20 percent versus sales gains in 1980 of 16 percent.

Those who promote to dealers and distributors tell of similar improvement in results. With merchandise offerings, they have increased sales volume growth from 14 percent to 17 percent in the two year period. Travel programs have improved a bit, from 15 percent to 16 percent.

Participation has improved this year, as well. In 1980, users of merchandise sales incentives said an average of 35 percent of eligible



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salespeople earned awards—that now climbs to 39 percent. On travel, qualifiers have increased from 27 to 29 percent. In the dealer area, 29 percent accepted merchandise offers a year ago, while 33 percent do so today. And travel qualifiers have risen from 23 percent to 24 percent, on the average.

It is all done at a cost, of course. Nobody expects to buy the same merchandise or the same trip at the same price. In the past couple of years, many users have held the line to some degree by varying the structures of programs to keep costs from rising too rapidly. But rise they will.

The average cost of a merchandise sales incentive among these users has gone from $220 in 1980 to $250 this year, while trip costs (per couple) rose from $1103 to $1240.

In the case of dealer promotions, the merchandise price tag has risen from $150 to $183, and travel from $1098 to $1276. All figures are arithmetic averages of respondents' reports.

Given plusses on both sides—performance and cost—it is essential to weigh one against the other to know what is really accomplished. We asked users for information on the cost effectiveness of promotions each year, as a percentage of incremental sales gained during the promotion periods.

In three out of four instances, the average cost is up, but the increases are not great. The largest rise in cost was for merchandise sales incentives, from 12 percent to 14 percent of incremental sales. Travel for salespeople is up from 12 percent to 13 percent. Dealer merchandise incentives also showed a one-point advance, from 11 percent to 12 percent. Only in the category of dealer travel programs did users maintain cost effectiveness from year to year—at 10 percent of the incremental sales, on the average, during both years.

Users give some positive votes for incentives

While recognizing some increase in the cost of achieving marketing objectives through incentives in this period, most users appear firmly committed to the technique, convinced they are getting good results with these tools, at the costs reported, as compared with alternatives available to do the same jobs. This becomes clear in comments from many users, both with the Census questionnaire and in our frequent special surveys on sales, dealer, and travel incentives.

The changes many have been forced to make in their strategy—as indicated by the shift from an emphasis on the consumer to a heavier reliance on trade incentives during the past two years—appear to be of greater concern.

These reports also show that users are able to handle the situation—and thrive at the same time. They are also in a much better position to meet the challenges of the economic bumps ahead than those who don't take advantage of the flexibility built into incentive marketing. ■

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Incentive Expenditures by State—1980

(State purchasing power reflects geographic origin of all dollars expended by incentive buyers).

Alphabetically	*Dollars*	*% Change Prior Year*
ALABAMA	23,018,000	+20.3%
ALASKA	473,000	+ 5.3%
ARIZONA	8,821,000	+16.6%
ARKANSAS	10,855,000	+24.6%
CALIFORNIA	685,455,000	+ 7.3%
COLORADO	14,611,000	+16.9%
CONNECTICUT	93,564,000	+ 8.2%
DELAWARE	18,601,000	+18.8%
FLORIDA	194,773,000	+17.6%
GEORGIA	93,110,000	+13.7%
HAWAII	2,111,000	+ 5.9%
IDAHO	544,000	+15.7%
ILLINOIS	1,089,617,000	+10.7%
INDIANA	215,211,000	+12.3%
IOWA	46,122,000	+14.5%
KANSAS	52,028,000	+13.7%
KENTUCKY	190,800,000	+13.4%
LOUISIANA	14,409,000	+13.5%
MAINE	3,492,000	+23.6%
MARYLAND	56,871,000	+16.3%
MASSACHUSETTS	318,920,000	+11.3%
MICHIGAN	588,310,000	+11.9%
MINNESOTA	393,844,000	+20.2%
MISSISSIPPI	3,084,000	+21.3%
MISSOURI	327,487,000	+14.6%
MONTANA	896,000	+22.5%
NEBRASKA	7,844,000	+15.0%
NEVADA	628,000	+15.0%
NEW HAMPSHIRE	460,000	+19.1%
NEW JERSEY	426,619,000	+12.4%
NEW MEXICO	442,000	+18.1%
NEW YORK	1,369,715,000	+10.9%
NORTH CAROLINA	60,173,000	+14.3%
NORTH DAKOTA	1,973,000	+17.4%
OHIO	1,062,268,000	+ 9.6%
OKLAHOMA	11,289,000	+21.7%
OREGON	5,622,000	+18.2%
PENNSYLVANIA	516,686,000	+15.4%
RHODE ISLAND	40,336,000	+14.0%
SOUTH CAROLINA	8,282,000	+16.2%
SOUTH DAKOTA	486,000	+17.9%
TENNESSEE	90,866,000	+14.4%
TEXAS	277,280,000	+15.2%
UTAH	11,341,000	+14.4%
VERMONT	855,000	+23.0%
VIRGINIA	34,686,000	+16.4%
WASHINGTON	16,827,000	+14.5%
WASHINGTON, DC	7,670,000	+18.0%
WEST VIRGINIA	11,877,000	+29.7%
WISCONSIN	232,679,000	+17.9%
WYOMING	320,000	+13.8%
TOTAL	**8,644,251,000**	**+12.3%**

In Descending Order	
New York	1,369,715,000
Illinois	1,089,617,000
Ohio	1,062,268,000
California	685,455,000
Michigan	588,310,000
Pennsylvania	516,686,000
New Jersey	426,619,000
Minnesota	393,844,000
Missouri	327,487,000
Massachusetts	318,920,000
Texas	277,280,000
Wisconsin	232,679,000
Indiana	215,211,000
Florida	194,773,000
Kentucky	190,800,000
Connecticut	93,564,000
Georgia	93,110,000
Tennessee	90,866,000
North Carolina	60,173,000
Maryland	56,871,000
Kansas	52,028,000
Iowa	46,122,000
Rhode Island	40,336,000
Virginia	34,686,000
Alabama	23,018,000
Delaware	18,601,000
Washington	16,827,000
Colorado	14,611,000
Louisiana	14,409,000
West Virginia	11,877,000
Utah	11,341,000
Oklahoma	11,289,000
Arkansas	10,855,000
Arizona	8,821,000
South Carolina	8,282,000
Nebraska	7,844,000
Washington, D.C.	7,670,000
Oregon	5,622,000
Maine	3,492,000
Mississippi	3,084,000
Hawaii	2,111,000
North Dakota	1,973,000
Montana	896,000
Vermont	855,000
Nevada	628,000
Idaho	544,000
South Dakota	486,000
Alaska	473,000
New Hampshire	460,000
New Mexico	442,000
Wyoming	320,000
TOTAL	**8,644,251,000**

INCENTIVE USAGE BY INDUSTRY-1980

(Industry figures do not include Business Gift expenditures—estimated at $658,000,000)

ANALYSIS OF INCENTIVE ACTIVITY

BY INDUSTRY

Apparel: $36,002,000, up 10.4%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 8,409,000	+ 7.7	$ 7,803,000	+14.3
(Travel)	$ 2,071,000	+10.9	$ 1,866,000	+16.4
Dealer Incentives				
(Merchandise)	$ 6,125,000	+11.6	$ 5,486,000	+ 5.3
(Travel)	$ 121,000	+18.6	$ 102,000	+ 9.6
CONSUMER PREMIUMS				
Self-Liquidator	$ 5,035,000	+ 7.3	$ 4,692,000	+10.2
Free Mail-In	$ 1,281,000	+ 6.4	$ 1,203,000	+ 5.8
Coupon Plan	$ 360,000	+15.0	$ 313,000	+ 6.4
Factory Pack	$ 4,678,000	+15.7	$ 4,043,000	+ 6.2
Direct Premiums	$ 6,142,000	+13.0	$ 5,432,000	+10.6
Sweepstakes	$ 1,780,000	+ 7.3	$ 1,658,000	+ 8.0

Auto Parts, Accessories, Tires: $408,324,000, up 9.0%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$122,379,000	+16.8	$104,729,000	+ 9.6
(Travel)	$ 46,566,000	+19.4	$ 38,982,000	+ 21.7
Dealer Incentives				
(Merchandise)	$130,774,000	– 0.4	$131,316,000	+ 9.3
(Travel)	$ 39,464,000	– 0.6	$ 39,674,000	+ 5.2
CONSUMER PREMIUMS				
Self-Liquidator	$ 41,970,000	+13.3	$ 37,025,000	+ 10.8
Free Mail-In	$ 1,436,000	+19.9	$ 1,197,000	+ 34.1
Coupon Plan	$ 1,438,000	+28.5	$ 1,119,000	+ 18.1
Factory Pack	$ 922,000	+36.5	$ 675,000	+172.1
Direct Premiums	$ 16,970,000	+27.1	$ 13,351,000	+ 20.7
Sweepstakes	$ 6,405,000	+11.0	$ 5,766,000	+ 19.4

Automobiles, Trucks: $238,708,000, up 16.8%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$102,870,000	+17.4	$87,575,000	+17.6
(Travel)	$ 16,218,000	+20.6	$13,446,000	+ 9.8
Dealer Incentives				
(Merchandise)	$ 41,644,000	+12.5	$37,007,000	+31.3
(Travel)	$ 71,395,000	+18.1	$60,447,000	+ 6.7
CONSUMER PREMIUMS				
Self-Liquidator	$ 776,000	+13.2	$ 685,000	+15.1
Free Mail-In	$ 383,000	+17.8	$ 325,000	+20.3
Coupon Plan	0	—	0	—
Factory Pack	$ 383,000	+18.5	$ 323,000	+24.2
Direct Premiums	$ 3,115,000	+ 7.1	$ 2,908,000	+ 6.7
Sweepstakes	$ 1,924,000	+16.6	$ 1,649,000	+34.3

Bank, Savings & Loan: $200,731,000, up 15.6%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 29,139,000	+13.2	$25,730,000	+28.1
(Travel)	$ 2,502,000	– 2.6	$ 2,569,000	+30.9
Dealer Incentives				
(Merchandise)	$ 2,856,000	+13.1	$ 2,523,000	+27.3
(Travel)	$ 381,000	+20.9	$ 315,000	+28.5
CONSUMER PREMIUMS				
Self-Liquidator	$ 68,757,000	+12.3	$61,205,000	+30.8
Free Mail-In	$ 2,152,000	+14.3	$ 1,882,000	+19.2
Coupon Plan	0	—	0	—
Factory Pack	0	—	0	—
Direct Premiums	$ 89,641,000	+20.1	$74,619,000	+ 6.5
Sweepstakes	$ 5,303,000	+11.1	$ 4,772,000	+11.3

Beer, Ale & Soft Drinks: $117,619,000, up 10.6%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 27,163,000	+11.9	$24,254,000	+30.9
(Travel)	$ 7,694,000	+15.0	$ 6,687,000	+25.7
Dealer Incentives				
(Merchandise)	$ 13,349,000	+11.4	$11,980,000	+31.7
(Travel)	$ 3,528,000	+13.1	$ 3,118,000	+22.9
CONSUMER PREMIUMS				
Self-Liquidator	$ 29,241,000	+ 5.3	$27,749,000	+18.4
Free Mail-In	$ 4,787,000	+14.2	$ 4,190.000	+21.4
Coupon Plan	$ 2,095,000	+13.6	$ 1,844,000	+23.0
Factory Pack	$ 4,817,000	+11.9	$ 4,301,000	+17.8
Direct Premiums	$ 20,830,000	+13.3	$18,372,000	+29.8
Sweepstakes	$ 4,115,000	+ 6.0	$ 3,880,000	+21.9

Building Materials: $152,198,000, up 13.9%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$58,903,000	+11.7	$52,709,000	+ 8.6
(Travel)	$14,164,000	+25.2	$11,312,000	+13.2
Dealer Incentives				
(Merchandise)	$39,808,000	+14.6	$34,725,000	+10.3
(Travel)	$14,791,000	+16.1	$12,735,000	+17.6
CONSUMER PREMIUMS				
Self-Liquidator	$ 9,790,000	+13.3	$ 8,636,000	+ 4.8
Free Mail-In	$ 1,510,000	+15.0	$ 1,313,000	+11.8
Coupon Plan	0	—	$ 197,000	+24.6
Factory Pack	$ 479,000	+18.8	$ 403,000	+15.4
Direct Premiums	$ 9,118,000	+ 6.9	$ 8,526,000	+ 2.5
Sweepstakes	$ 3,635,000	+19.5	$ 3,041,000	+19.7

Detergents & Cleansers: $124,313,000, up 15.4%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$38,108,000	+18.4	$32,160,000	+ 3.8
(Travel)	$ 1,809,000	+ 8.9	$ 1,660,000	+15.8
Dealer Incentives				
(Merchandise)	$18,024,000	+ 9.7	$16,417,000	+11.8
(Travel)	$ 322,000	+14.5	$ 281,000	+14.2
CONSUMER PREMIUMS				
Self-Liquidator	$33,485,000	+14.6	$29,213,000	+ 6.4
Free Mail-In	$ 6,022,000	+18.7	$ 5,073,000	+10.2
Coupon Plan	$ 6,051,000	+20.1	$ 5,038,000	+ 8.9
Factory Pack	$ 7,505,000	+13.3	$ 6,619,000	+ 7.5
Direct Premiums	$10,837,000	+16.2	$ 9,324,000	+ 8.0
Sweepstakes	$ 2,150,000	+11.8	$ 1,922,000	+16.9

Electric Appliances: $94,937,000, up 14.7%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$16,790,000	+16.8	$14,374,000	+16.1
(Travel)	$ 7,925,000	+29.3	$ 6,128,000	+16.0
Dealer Incentives				
(Merchandise)	$16,394,000	+12.0	$14,630,000	+ 9.9
(Travel)	$31,847,000	+12.3	$28,336,000	+ 4.9
CONSUMER PREMIUMS				
Self-Liquidator	$ 5,874,000	+18.6	$ 4,949,000	+12.0
Free Mail-In	$ 5,354,000	+11.0	$ 4,823,000	+12.6
Coupon Plan	$ 484,000	+17.1	$ 413,000	+18.0
Factory Pack	$ 432,000	+13.3	$ 381,000	+22.1
Direct Premiums	$ 8,629,000	+13.2	$ 7,620,000	+ 9.7
Sweepstakes	$ 1,208,000	+11.1	$ 1,087,000	+22.4

Circle No. 116 on Buyer Action Card ⟶

Electrical & Lighting Equipment: $60,416,000, up 15.2%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$11,519,000	+18.8	$ 9,692,000	+11.1
(Travel)	$ 5,778,000	+16.5	$ 4,957,000	+12.6
Dealer Incentives				
(Merchandise)	$23,942,000	+13.7	$21,057,000	+19.7
(Travel)	$ 8,045,000	+15.0	$ 6,995,000	+ 9.5
CONSUMER PREMIUMS				
Self-Liquidator	$ 1,669,000	+11.1	$ 1,494,000	+15.9
Free Mail-In	$ 676,000	+14.3	$ 591,000	+20.8
Coupon Plan	$ 3,678,000	+15.0	$ 3,196,000	+13.2
Factory Pack	$ 984,000	+13.4	$ 867,000	+ 4.7
Direct Premiums	$ 1,457,000	+10.5	$ 1,318,000	+17.7
Sweepstakes	$ 2,668,000	+18.0	$ 2,260,000	+25.1

Electronics, Radio & TV: $238,267,000, up 17.9%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$83,995,000	+13.9	$73,726,000	+13.8
(Travel)	$26,961,000	+29.6	$20,795,000	+16.9
Dealer Incentives				
(Merchandise)	$29,506,000	+14.5	$25,759,000	+37.8
(Travel)	$69,782,000	+18.4	$58,914,000	+ 6.9
CONSUMER PREMIUMS				
Self-Liquidator	$ 4,897,000	+19.5	$ 4,096,000	+18.2
Free Mail-In	$ 2,991,000	+89.0	$ 1,582,000	+36.0
Coupon Plan	$ 5,457,000	+14.9	$ 4,747,000	+21.7
Factory Pack	$ 1,230,000	+13.0	$ 1,088,000	+38.0
Direct Premiums	$10,246,000	+18.2	$ 8,667,000	+21.4
Sweepstakes	$ 3,202,000	+14.8	$ 2,787,000	+41.1

Farm Equipment: $179,417,000, up 1.1%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$28,467,000	+ 4.6	$27,198,000	+ 8.9
(Travel)	$18,781,000	+ 1.9	$18,424,000	+13.2
Dealer Incentives				
(Merchandise)	$70,094,000	+ 0.9	$69,445,000	+10.8
(Travel)	$51,964,000	+ 9.9	$52,283,000	+ 5.0
CONSUMER PREMIUMS				
Self-Liquidator	$ 1,949,000	+ 5.2	$ 1,851,000	+17.4
Free Mail-In	$ 989,000	- 7.8	$ 1,073,000	+ 8.3
Coupon Plan	0	—	0	—
Factory Pack	$ 980,000	- 2.3	$ 1,003,000	+20.8
Direct Premiums	$ 4,357,000	+ 4.2	$ 4,180,000	+10.8
Sweepstakes	$ 1,836,000	- 9.6	$ 2,029,000	+26.1

Feed, Fertilizer, Farm Supplies: $138,316,000, up 13.8%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 21,895,000	+19.7	$ 18,290,000	+12.5
(Travel)	$ 9,410,000	+12.5	$ 8,359,000	+15.0
Dealer Incentives				
(Merchandise)	$ 38,661,000	+14.4	$ 33,791,000	+18.1
(Travel)	$ 15,075,000	+11.7	$ 13,489,000	+15.7
CONSUMER PREMIUMS				
Self-Liquidator	$ 8,228,000	+14.2	$ 7,202,000	+17.9
Free Mail-In	$ 3,574,000	+13.1	$ 3,158,000	+16.3
Coupon Plan	$ 18,949,000	+13.0	$ 16,760,000	+17.8
Factory Pack	$ 3,308,000	+16.5	$ 2,839,000	+14.3
Direct Premiums	$ 17,271,000	+ 7.9	$ 15,992,000	+17.1
Sweepstakes	$ 1,945,000	+20.2	$ 1,618,000	+11.8

Food Products: $836,112,000, up 14.7%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 73,025,000	+18.2	$ 61,738,000	+24.4
(Travel)	$ 12,859,000	+13.9	$ 11,288,000	+18.1
Dealer Incentives				
(Merchandise)	$ 65,059,000	+14.4	$ 56,853,000	+19.4
(Travel)	$ 5,053,000	+16.4	$ 4,339,000	+20.0
CONSUMER PREMIUMS				
Self-Liquidator	$174,727,000	+13.2	$154,235,000	+18.0
Free Mail-In	$171,618,000	+11.8	$153,380,000	+14.8
Coupon Plan	$ 83,342,000	+19.0	$ 70,034,000	+19.6
Factory Pack	$197,040,000	+14.2	$172,444,000	+ 9.2
Direct Premiums	$ 33,323,000	+22.2	$ 27,247,000	+12.8
Sweepstakes	$ 20,066,000	+16.4	$ 17,235,000	+11.7

Furniture, Floor Coverings: $55,381,000, up 18.8%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 8,770,000	+15.1	$ 7,614,000	+10.2
(Travel)	$ 2,704,000	+19.8	$ 2,257,000	+20.5
Dealer Incentives				
(Merchandise)	$ 23,371,000	+24.2	$ 18,808,000	+30.5
(Travel)	$ 11,824,000	+14.0	$ 10,365,000	+14.4
CONSUMER PREMIUMS				
Self-Liquidator	$ 2,439,000	+19.0	$ 2,049,000	+20.8
Free Mail-In	$ 938,000	+22.6	$ 765,000	+20.8
Coupon Plan	0	—	0	—
Factory Pack	$ 871,000	+13.1	$ 770,000	+50.9
Direct Premiums	$ 2,735,000	+11.0	$ 2,462,000	+17.0
Sweepstakes	$ 1,729,000	+14.6	$ 1,508,000	+13.8

Hardware: $22,619,000, up 14.4%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 5,545,000	+15.6	$ 4,795,000	+ 4.1
(Travel)	$ 1,529,000	+18.7	$ 1,288,000	+14.5
Dealer Incentives				
(Merchandise)	$ 7,111,000	+16.0	$ 6,129,000	+13.8
(Travel)	$ 602,000	+15.3	$ 522,000	+24.5
CONSUMER PREMIUMS				
Self-Liquidator	$ 1,454,000	+10.0	$ 1,321,000	+20.4
Free Mail-In	$ 1,230,000	+13.9	$ 1,079,000	+34.3
Coupon Plan	0	—	0	—
Factory Pack	$ 1,008,000	+ 9.8	$ 918,000	+28.5
Direct Premiums	$ 2,503,000	+ 9.6	$ 2,283,000	+26.3
Sweepstakes	$ 1,637,000	+13.7	$ 1,439,000	+20.9

Heating, Air Conditioning: $141,055,000, up 14.3%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 18,089,000	+12.0	$ 16,145,000	+ 8.0
(Travel)	$ 24,519,000	+14.1	$ 21,474,000	+13.6
Dealer Incentives				
(Merchandise)	$ 54,987,000	+13.7	$ 48,337,000	+11.7
(Travel)	$ 31,519,000	+17.4	$ 26,832,000	+ 4.8
CONSUMER PREMIUMS				
Self-Liquidator	$ 1,344,000	+16.1	$ 1,157,000	+25.8
Free Mail-In	$ 497,000	+16.3	$ 427,000	+38.1
Coupon Plan	0	—	0	—
Factory Pack	$ 1,691,000	+11.1	$ 1,521,000	+16.1
Direct Premiums	$ 6,148,000	+12.4	$ 5,466,000	+13.8
Sweepstakes	$ 2,261,000	+11.4	$ 2,028,000	+13.1

Housewares, Home Furnishings: $139,047,000, up 8.0%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 34,747,000	+10.0	$ 31,586,000	+ 7.0
(Travel)	$ 6,413,000	+ 9.0	$ 5,885,000	+14.5
Dealer Incentives				
(Merchandise)	$ 17,975,000	+11.1	$ 16,186,000	+11.0
(Travel)	$ 5,329,000	+13.1	$ 4,710,000	+16.6
CONSUMER PREMIUMS				
Self-Liquidator	$ 1,951,000	+ 4.9	$ 1,859,000	+11.7
Free Mail-In	$ 998,000	+ 6.4	$ 938,000	+14.8
Coupon Plan	0	—	0	—
Factory Pack	$ 1,615,000	+12.2	$ 1,440,000	+ 9.1
Direct Premiums	$ 68,583,000	+ 5.8	$ 64,833,000	+ 9.7
Sweepstakes	$ 1,436,000	+11.4	$ 1,289,000	+12.8

Circle No. 118 on Buyer Action Card →

Industrial Chemicals: $50,678,000, up 16.3%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 8,739,000	+14.3	$ 7,643,000	+21.3
(Travel)	$ 3,576,000	+17.0	$ 3,057,000	+25.6
Dealer Incentives				
(Merchandise)	$ 20,531,000	+17.4	$17,485,000	+15.2
(Travel)	$ 4,647,000	+20.4	$ 3,860,000	+22.7
CONSUMER PREMIUMS				
Self-Liquidator	$ 997,000	+13.3	$ 880,000	+13.5
Free Mail-In	$ 904,000	+14.0	$ 793,000	+24.7
Coupon Plan	$ 7,184,000	+14.2	$ 6,293,000	+14.7
Factory Pack	$ 913,000	+13.3	$ 806,000	+15.6
Direct Premiums	$ 2,379,000	+17.7	$ 2,022,000	+14.5
Sweepstakes	$ 808,000	+12.1	$ 721,000	+21.8

Insurance: $284,684,000, up 14.0%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$110,313,000	+13.7	$97,058,000	+14.4
(Travel)	$ 91,484,000	+13.1	$80,852,000	+ 7.9
Dealer Incentives				
(Merchandise)	$ 7,365,000	+13.7	$ 6,478,000	+18.5
(Travel)	$ 29,250,000	+18.6	$24,660,000	+14.0
CONSUMER PREMIUMS				
Self-Liquidator	$ 1,528,000	+17.3	$ 1,303,000	+12.4
Free Mail-In	$ 35,371,000	+13.5	$31,176,000	+17.1
Coupon Plan	0	—	0	—
Factory Pack	0	—	0	—
Direct Premiums	$ 5,703,000	+14.2	$ 4,994,000	+ 2.7
Sweepstakes	$ 3,670,000	+14.2	$ 3,214,000	+27.4

Luggage, Jewelry, Accessories: $15,325,000, up 13.5%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 4,595,000	+10.4	$ 4,163,000	+17.4
(Travel)	$ 1,662,000	+13.8	$ 1,460,000	+12.9
Dealer Incentives				
(Merchandise)	$ 3,148,000	+19.7	$ 2,629,000	+40.5
(Travel)	$ 397,000	+15.4	$ 344,000	+16.2
CONSUMER PREMIUMS				
Self-Liquidator	$ 1,984,000	+14.0	$ 1,740,000	+21.1
Free Mail-In	$ 391,000	+13.7	$ 344,000	+18.6
Coupon Plan	0	—	0	—
Factory Pack	$ 202,000	+11.0	$ 182,000	+30.0
Direct Premiums	$ 1,503,000	+11.0	$ 1,354,000	+13.5
Sweepstakes	$ 1,443,000	+11.8	$ 1,291,000	+16.1

Machinery & Supplies: $66,999,000, up 15.0%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$33,741,000	+17.8	$28,642,000	+23.9
(Travel)	$16,013,000	+14.0	$14,050,000	+10.9
Dealer Incentives				
(Merchandise)	$ 4,626,000	+10.7	$ 4,179,000	+14.4
(Travel)	$ 5,096,000	+13.9	$ 4,476,000	+14.5
CONSUMER PREMIUMS				
Self-Liquidator	$ 2,330,000	+ 9.0	$ 2,138,000	+30.3
Free Mail-In	$ 414,000	+13.1	$ 366,000	+19.6
Coupon Plan	0	—	0	—
Factory Pack	$ 530,000	+ 8.6	$ 488,000	+17.0
Direct Premiums	$ 2,811,000	+ 5.0	$ 2,677,000	+35.1
Sweepstakes	$ 1,438,000	+15.1	$ 1,249,000	+26.2

Office Equipment: $134,166,000, up 16.4%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$26,043,000	+15.8	$22,487,000	+27.7
(Travel)	$32,230,000	+17.9	$27,333,000	+11.5
Dealer Incentives				
(Merchandise)	$16,103,000	+14.2	$14,098,000	+19.6
(Travel)	$ 9,469,000	+16.8	$ 8,106,000	+ 4.9
CONSUMER PREMIUMS				
Self-Liquidator	$ 3,306,000	+17.5	$ 2,814,000	+20.3
Free Mail-In	$ 1,738,000	+14.5	$ 1,518,000	+24.2
Coupon Plan	$ 2,765,000	+18.1	$ 2,341,000	+21.3
Factory Pack	$ 9,742,000	+13.0	$ 8,620,000	+18.4
Direct Premiums	$30,814,000	+17.7	$26,189,000	+23.9
Sweepstakes	$ 1,956,000	+13.5	$ 1,723,000	+22.5

Paint & Vanishes: $33,432,000, up 15.1%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 8,099,000	+13.6	$ 7,127,000	+17.6
(Travel)	$ 2,429,000	+13.0	$ 2,150,000	+15.8
Dealer Incentives				
(Merchandise)	$ 6,007,000	+15.0	$ 5,223,000	+12.2
(Travel)	$ 5,682,000	+19.0	$ 4,775,000	+17.7
CONSUMER PREMIUMS				
Self-Liquidator	$ 6,818,000	+15.4	$ 5,907,000	+15.1
Free Mail-In	$ 589,000	+ 7.3	$ 549,000	+14.9
Coupon Plan	$ 631,000	+11.5	$ 566,000	+17.9
Factory Pack	$ 662,000	+11.8	$ 592,000	+17.5
Direct Premiums	$ 2,075,000	+16.1	$ 1,788,000	+12.9
Sweepstakes	$ 440,000	+15.8	$ 380,000	+18.8

Paper Products & Packaging: $41,259,000, up 11.6%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 5,720,000	+10.5	$ 5,175,000	+18.6
(Travel)	$ 5,623,000	+10.4	$ 5,093,000	+19.4
Dealer Incentives				
(Merchandise)	$ 6,638,000	+13.0	$ 5,875,000	+16.2
(Travel)	$ 2,612,000	+12.9	$ 2,314,000	+16.7
CONSUMER PREMIUMS				
Self-Liquidator	$ 5,727,000	+12.5	$ 5,092,000	+14.6
Free Mail-In	$ 4,096,000	+ 9.0	$ 3,758,000	+20.5
Coupon Plan	$ 5,659,000	+12.5	$ 5,030,000	+16.9
Factory Pack	$ 2,717,000	+12.3	$ 2,420,000	+19.6
Direct Premiums	$ 878,000	+12.0	$ 784,000	+23.7
Sweepstakes	$ 1,589,000	+11.2	$ 1,429,000	+17.9

Petroleum Products: $179,362,000, up 10.8%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$41,403,000	+15.7	$35,786,000	+13.1
(Travel)	$ 6,698,000	+15.6	$ 5,793,000	+14.8
Dealer Incentives				
(Merchandise)	$55,043,000	+12.6	$48,883,000	+10.3
(Travel)	$ 6,508,000	+14.1	$ 5,702,000	+11.5
CONSUMER PREMIUMS				
Self-Liquidator	$18,039,000	+12.3	$16,064,000	+ 8.0
Free Mail-In	$ 2,492,000	+ 4.6	$ 2,613,000	+11.2
Coupon Plan	$ 3,021,000	+15.6	$ 1,613,000	+10.0
Factory Pack	$ 1,493,000	+13.0	$ 1,321,000	+10.0
Direct Premiums	$37,959,000	+ 1.2	$37,522,000	+ 7.6
Sweepstakes	$ 6,706,000	+15.4	$ 5,813,000	+13.5

Pharmaceuticals: $80,736,000, up 9.0%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$29,072,000	+ 5.2	$27,641,000	+13.2
(Travel)	$ 7,678,000	+ 3.9	$ 7,389,000	+11.5
Dealer Incentives				
(Merchandise)	$11,813,000	+ 9.1	$10,826,000	+10.2
(Travel)	$ 4,877,000	+13.4	$ 4,301,000	+12.7
CONSUMER PREMIUMS				
Self-Liquidator	$ 8,072,000	+13.0	$ 7,145,000	+10.5
Free Mail-In	$ 2,367,000	+21.4	$ 1,949,000	+13.2
Coupon Plan	$ 3,218,000	+12.7	$ 2,856,000	+10.1
Factory Pack	$ 5,858,000	+16.8	$ 5,015,000	+13.9
Direct Premiums	$ 6,377,000	+11.5	$ 5,719,000	+10.9
Sweepstakes	$ 1,404,000	+13.8	$ 1,234,000	+10.8

Public Utilities: $15,650,000, up 10.9%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 3,685,000	+18.1	$ 3,121,000	+18.7
(Travel)	$ 1,727,000	+ 7.5	$ 1,607,000	+16.6
Dealer Incentives				
(Merchandise)	$ 1,875,000	+11.6	$ 1,680,000	+19.2
(Travel)	$ 267,000	+11.3	$ 240,000	+15.4
CONSUMER PREMIUMS				
Self-Liquidator	$ 1,802,000	+11.6	$ 1,614,000	+14.5
Free Mail-In	$ 1,796,000	+ 6.6	$ 1,685,000	+15.5
Coupon Plan	0	—	0	—
Factory Pack	0	—	0	—
Direct Premiums	$ 3,889,000	+ 7.5	$ 3,618,000	+17.7
Sweepstakes	$ 609,000	+12.6	$ 541,000	+11.8

Publishers, Printers, Broadcasters: $132,700,000, up 15.3%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$53,841,000	+16.3	$46,278,000	+15.3
(Travel)	$ 7,287,000	+14.7	$ 6,351,000	+14.3
Dealer Incentives				
(Merchandise)	$ 7,306,000	+13.5	$ 6,439,000	+13.1
(Travel)	$ 3,036,000	+16.1	$ 2,615,000	+16.1
CONSUMER PREMIUMS				
Self-Liquidator	$ 6,527,000	+15.2	$ 5,666,000	+15.1
Free Mail-In	$ 5,019,000	+16.8	$ 4,297,000	+13.5
Coupon Plan	$ 650,000	+14.2	$ 569,000	+16.4
Factory Pack	$ 4,095,000	+12.6	$ 3,637,000	+12.0
Direct Premiums	$37,661,000	+14.8	$32,803,000	+14.5
Sweepstakes	$ 7,278,000	+12.2	$ 6,485,000	+15.7

Sporting Goods & Toys: $30,701,000, up 15.3%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$ 5,374,000	+16.1	$ 4,628,000	+17.7
(Travel)	$ 3,848,000	+15.6	$ 3,329,000	+17.3
Dealer Incentives				
(Merchandise)	$ 6,062,000	+15.7	$ 5,241,000	+14.3
(Travel)	$ 2,796,000	+14.7	$ 2,438,000	+20.5
CONSUMER PREMIUMS				
Self-Liquidator	$ 5,426,000	+16.1	$ 4,672,000	+17.6
Free Mail-In	$ 133,000	+17.7	$ 113,000	+16.5
Coupon Plan	$ 112,000	+14.3	$ 98,000	+18.1
Factory Pack	$ 882,000	+22.5	$ 720,000	+14.3
Direct Premiums	$ 5,637,000	+12.4	$ 5,016,000	+15.8
Sweepstakes	$ 431,000	+13.7	$ 379,000	+14.8

Toiletries: $436,450,000, up 12.4%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$140,045,000	+ 9.2	$128,200,000	+10.0
(Travel)	$ 18,777,000	+13.5	$ 16,540,000	+14.2
Dealer Incentives				
(Merchandise)	$ 55,511,000	+16.2	$ 47,776,000	+14.2
(Travel)	$ 7,304,000	+11.8	$ 6,536,000	+14.4
CONSUMER PREMIUMS				
Self-Liquidator	$ 77,789,000	+16.0	$ 67,053,000	+14.7
Free Mail-In	$ 12,031,000	+11.3	$ 10,807,000	+14.8
Coupon Plan	$ 9,135,000	+15.0	$ 7,943,000	+16.5
Factory Pack	$ 37,510,000	+10.0	$ 34,101,000	+16.2
Direct Premiums	$ 66,603,000	+13.3	$ 58,764,000	+18.5
Sweepstakes	$ 11,745,000	+ 9.3	$ 10,741,000	+14.0

Michellaneous Industries: $837,865,000, up 6.9%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$190,981,000	+ 5.6	$180,813,000	+14.2
(Travel)	$ 50,633,000	+ 7.9	$ 46,932,000	+ 6.1
Dealer Incentives				
(Merchandise)	$144,239,000	+ 6.7	$135,220,000	+15.0
(Travel)	$ 63,586,000	+ 6.1	$ 59,922,000	+ 9.3
CONSUMER PREMIUMS				
Self-Liquidator	$ 85,486,000	+10.0	$ 77,745,000	+13.2
Free Mail-In	$ 60,046,000	+ 9.1	$ 55,013,000	+15.5
Coupon Plan	$ 32,769,000	+11.3	$ 29,451,000	+16.4
Factory Pack	$ 47,142,000	+ 4.8	$ 44,983,000	+16.4
Direct Premiums	$129,961,000	+ 6.3	$122,246,000	+12.4
Sweepstakes	$ 33,022,000	+ 5.6	$ 31,278,000	+17.8

Distributors, Wholesalers: $631,782,000, up 10.0%

	Expenditures 1980	% Change Prior Year	Expenditures 1979	% Change Year Earlier
TRADE INCENTIVES				
Sales Force Incentives				
(Merchandise)	$210,402,000	+ 8.5	$193,862 000	+19.4
(Travel)	$ 13,878,000	+14.8	$ 12,090,000	+72.1
Dealer Incentives				
(Merchandise)	$ 88,571,000	+ 9.6	$ 80,825,000	+11.6
(Travel)	$ 10,798,000	+ 7.3	$ 10,068,000	+18.3
CONSUMER PREMIUMS				
Self-Liquidator	$171,276,000	+ 9.9	$155,804,000	+ 8.4
Free Mail-In	$ 3,282,000	+14.8	$ 2,859,000	+23.0
Coupon Plan	$ 80,597,000	+12.8	$ 71,467,000	+13.9
Factory Pack	$ 17,745,000	+ 8.8	$ 16,313,000	+21.7
Direct Premiums	$ 26,822,000	+13.8	$ 23,578,000	+13.9
Sweepstakes	$ 8,411,000	+14.2	$ 7,366,000	+13.1

SALES INCENTIVES $2,441,306,000

The biggest boom in sales incentives in many years seems to be under way in 1981.

There is widespread feeling that these are times when salespeople can do more to cope with the demands of a wobbly economy than anyone else in the marketing chain.

After chalking up an estimated 12.7 percent increase last year—a time when consumer promotions were expected to steal the show—salesforce motivation programs are reportedly adding 20.1 percent more in expenditures for the current year.

This is the finding of the latest FACTS Census Survey, based on responding users' forecasts of their spending plans. It compares with an '81 forecast a year ago of a 15.3 percent growth in this type of incentive activity.

The Census data show that in 1980 sales incentives accounted for 23.5 percent of the entire field—the second highest share since the recession year of 1975 when they hit 23.9 percent. When the FACTS surveys began, in 1967, sales incentives were recorded at an estimated 18.6 percent of the total spent for all incentives.

This year, apparently spurred

FAST FACTS . . . Sales Force Incentives

- *Sales force incentives come on strong. After a 12% gain in 1980, spending increased 20% in 1981.*
- *If forecast holds, sales incentives will top $2.411 billion in 1981—doubling size of the field in less than five years.*
- *Merchandise got 78.4% of pie in 1981, travel got 21.6%.*
- *Merchandise spending increased faster than travel spending in 1981, reversing last year's trend.*
- *Despite higher costs, surveyed executives say they are getting their money's worth. Both sales performance and participation levels advanced in 1981.*
- *Results improved as well. Merchandise program sales increases went from 35 percent in 1980 to 39% in 1981. Travel programs boosted sales 29% in 1981, against 27% in 1980.*
- *Award costs: median merchandise cost for this group went from $60 to $70 in 1981. Median travel costs went from $900 to $1000.*
- *More award winners. 39% of eligible sales force earned merchandise awards, up from 35% in 1980. And 29% of eligible sales force won incentive trips, against 27% last year.*

by the remnants of one recession and the beginning of another, this technique will take a full 25 percent share of the incentive field, if the present forecast of $2,441,306,000 stands up.

Results look good. Incentive unit costs are up slightly, and overall cost as a percentage of incremental sales has taken some increase. But sales performance figures and participation levels have advanced. Despite somewhat higher cost to get the job done, most of the surveyed executives feel they are getting their money's worth, and are continuing sales incentive efforts at a high level.

The 1980 Census figures telegraphed this year's upturn to a degree. As recently as January 1981 (IM Forecast), it appeared consumer promotion was in the ascendancy, with trade incentives taking a relatively smaller role. Economic circumstances changed the pattern. While 1980's final reports showed a somewhat increased share of the field for consumer efforts, the shift was much smaller than forecast. At some point in 1980 many marketers began to divert budgets and increase emphasis on getting goods through the trade channels—often with dealer-level promotions, but more significantly with salesforce stimulation.

Users seek more expanded program goals

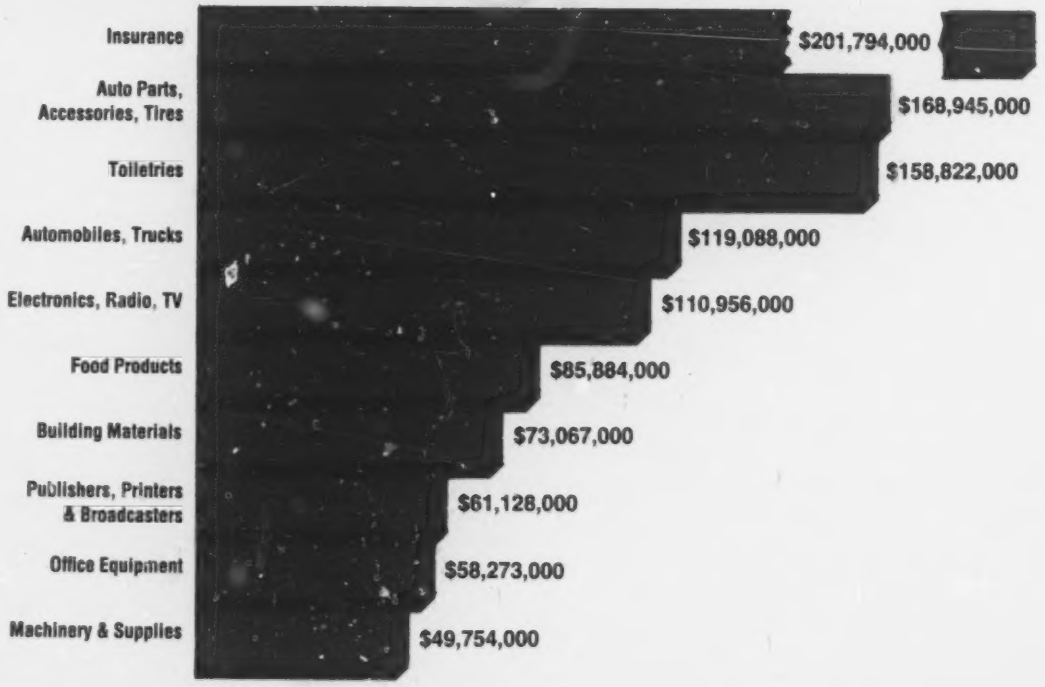
Sales incentives offer the greatest flexibility to redirect emphasis, compensate for market uncertainties, orchestrate the push for specific product lines, and pinpoint objectives. A special IM survey among a limited group of 256 sales incentive users, reported in the July 1981 issue, found some softening of the general objective, "Increase Overall Volume," and a tendency to redistribute their goals over a range of nine specific objectives. Those users did not differ greatly in their program results or spending plans—though they were a bit more conservative from the total Census Survey field—but they did forecast an increased application of the flexibility of sales incentives to achieve many different ends.

While consumer incentives did take a slightly larger share of total expenditure in 1980, as forecast, it was lower than had been expected. And it was primarily at the expense of dealer promotions, which advance only 10.3 percent compared with the field's overall growth of 12.3 percent. Sales incentives went somewhat ahead of the total, with a rise of 12.7 percent in spending.

Fifteen industry groups began spending significantly more for sales incentives in 1980, with increases exceeding 15 percent.

Auto Parts, Accessories, Tires *17.6*
Automobiles & Trucks *17.9*
Electric Appliances *20.5*
Electrical & Lighting

Top Ten Sales Incentive Users *(Industries—1980 Estimates)*



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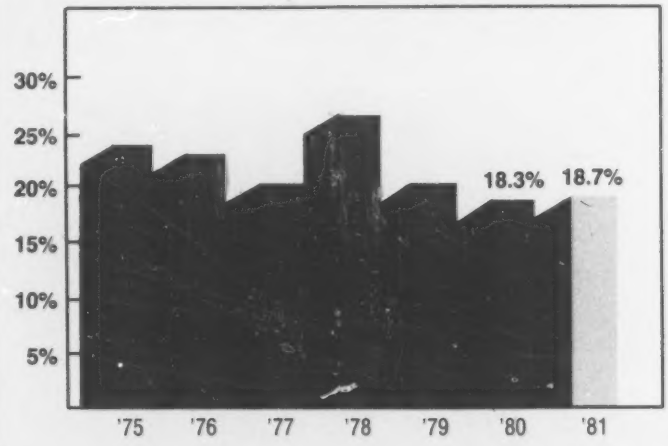
Hardware	*16.3*
Industrial Chemicals	*15.1*
Machinery & Supplies	*16.5*
Office Equipment	*17.0*
Petroleum Products	*15.7*
Publishers, Printers, Broadcasters	*16.1*
Sporting Goods & Toys	*15.9*

On the other hand, six industries fell well below the average in their sales incentive activity last year:

Apparel	*8.4*
Farm Equipment	*3.6*
Housewares, Home Furnishings	*9.8*
Pharmaceuticals	*4.9*
Toiletries & Cosmetics	*9.7*

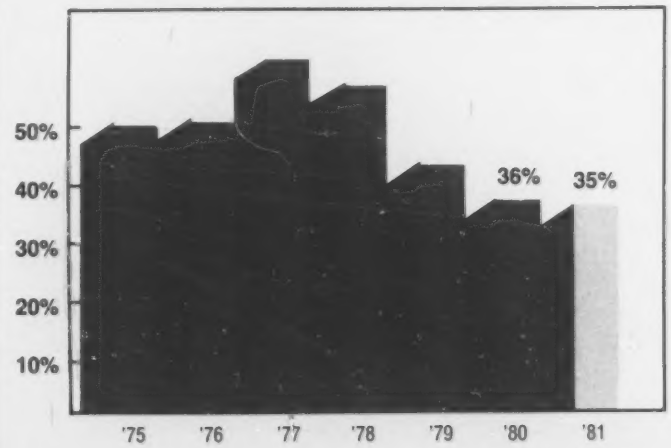
Sales increases held steady . . .

(% of increase reported by IM survey group)



. . . as did the number of winners . . .

(% of sales force earning awards)

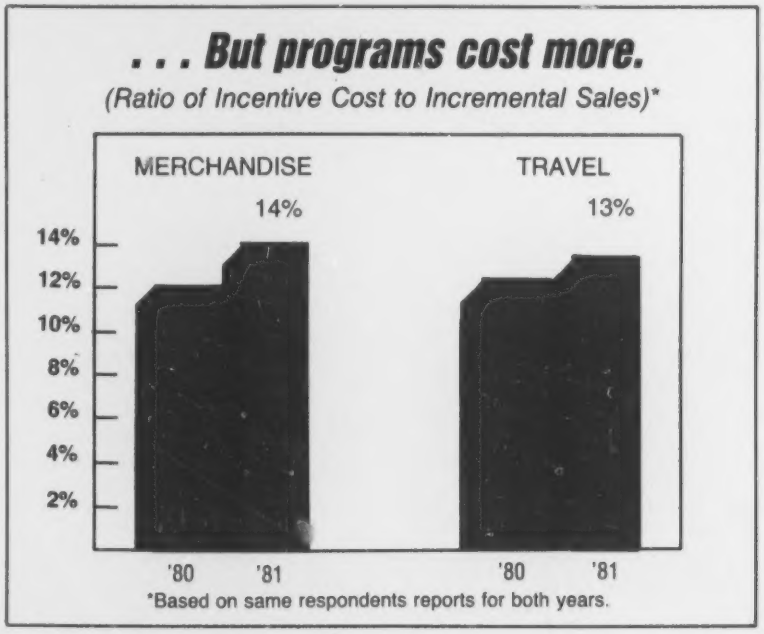


The large and important category of Wholesalers & Distributors also contributed to the low side of 1980 effort, with only an 8.9 percent rise in incentive spending.

The 1980 total of sales incentive spending—$2,033,312,000—was divided about 77 percent for merchandise and 23 percent for travel incentives. This represented a slightly larger growth in the travel sector, which grew by 14.6 percent over 1979, than for the merchandise portion of the field, up by 12.1 percent. Of the fifteen industries showing the largest growth overall, eight boosted their travel expenditures more than merchandise. The groups who put more budget into travel include Auto Parts, Accessories, Tires; Automobiles & Trucks; Electric Appliances; Electronics, Radio & TV; Furniture & Floor Coverings; Hardware; Industrial Chemicals; and Office Equipment.

Among the Top Ten industries using sales incentives, there were two notable shifts in position. Toiletries & Cosmetics, which had held the No. 2 place for seven years, was nosed out for the second slot by the automotive aftermarket industry, which beefed up incentive activity by 17.6 percent, while the former No. 2 user went up only 9.7 percent.

Farm Equipment, a somewhat troubled industry, dropped off the



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bottom, actually falling to 12th.

Machinery & Supplies joined the Top Ten (in last place) for the first time; Petroleum Products moved into 11th position in the volume standings. The estimated volume of the No. 10 industry, Machinery & Supplies, was $49,754,000, compared with the $45,622,000 needed last year for Farm Equipment to fill the 10th slot.

Whatever is spent by whom, the necessary ingredient is final results: the sales accounting telling us whether the dollars spent were worth the effort in sales production. The 1980-81 figures reported in the survey show that, although costs are up, users are achieving satisfactory results and bringing in more meaningful bottom lines that any of the alternatives these companies might use.

In parallel reports on experience in both years, users indicated sales gains are up, award winners are up, unit sales cost is up slightly, and the ratio of cost to incremental sales is also up.

Users of merchandise incentives for salespeople told us they spent an average of 12 percent of incremental sales gained during a promotion to achieve results last year, and now have to ante up about 14 percent to get the job done. In the case of travel awards, it now takes an average of 13 percent to do what 12 percent did last year.

Sales increases, participation levels up considerably

Unit costs, however, have not risen too much. The average cost of the merchandise award last year was $220 among these executives, and this year the same merchandise costs them $250. But the medians are $70 this year, $60 a year ago. The $70 figure is the same as the median report for a similar survey group a year ago. In travel, users report unit cost per couple has risen from an average of $1103 to a 1981 level of $1200. But the medians are $900 and $1000, respectively, the latter figure matching the median found in the comparable study last year.

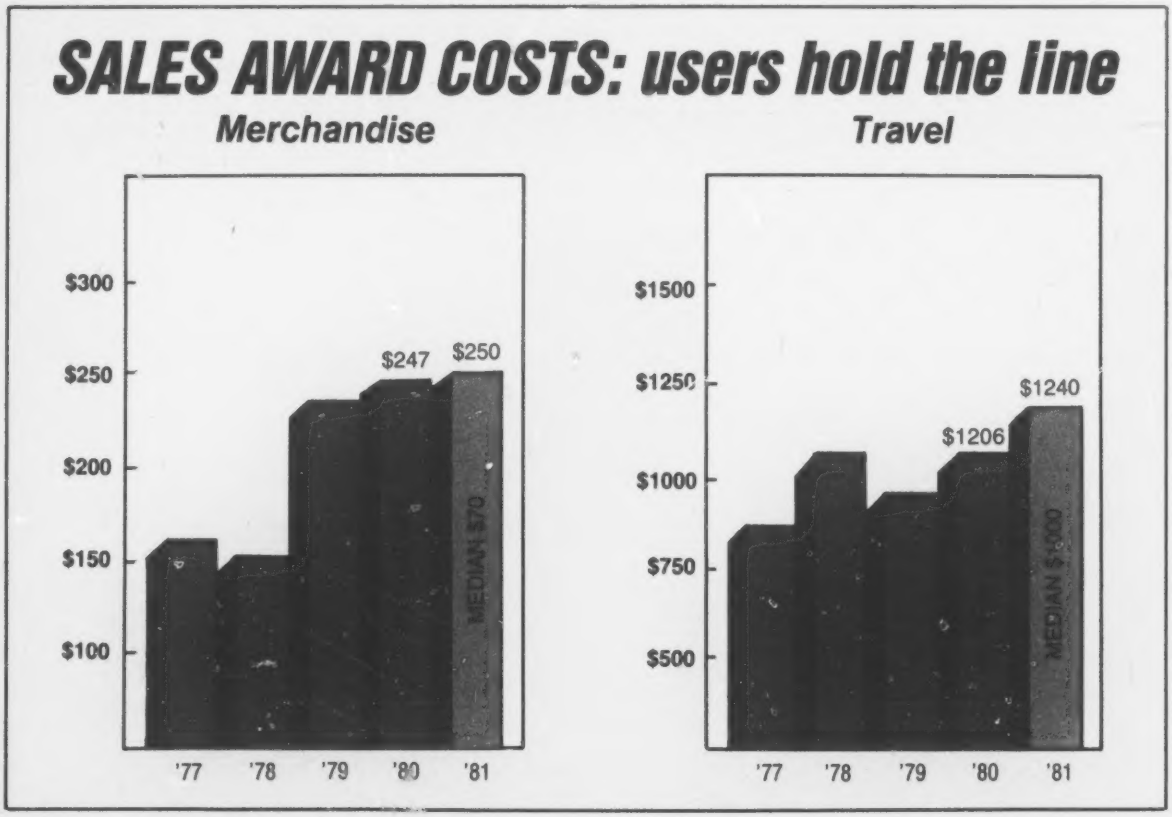
What does this cost buy? Are they getting any more for the additional money? The answer, overall, appears to be a clear "yes."

Sales increases derived from merchandise programs have climbed from an average of 15 percent to a present rate of 18 percent, and the yield of travel programs has risen from 16 percent to 20 percent. The medians are quite a bit lower, but the improved results are unchanged.

Respondents show distinct gains in the area of participation, as well. In merchandise campaigns, users find 39 percent qualifying now, compared with 35 percent last year. On the travel side, those earning trips have gone from 27 percent last year to a current level of 29 percent. The median levels are somewhat different, but the improvement in performance is clear. *(See chart page 58).*

The final evaluation process, however, is one that continues to trouble some incentive users, as seen by the responses on these questions. More than 1000 companies provided data on results, and three of the four questions elicited response from well over 800.

SALES AWARD COSTS: users hold the line



On the question of the cost effectiveness of their campaigns, as represented by the cost as a percentage of incremental sales, only 473 executives were able to supply the information. This suggests the methods of measuring results and evaluating them remains an incomplete process for many users, and thus may inhibit getting full value from their incentive programs.

The problem of evaluation appears to exist for users of both merchandise and travel incentive plans, although it may be slightly more troublesome in the travel area.

In 1980, travel grew more than merchandise in use by these executives: 14.6 percent vs. 12.1 percent. This year, the situation appears to be reversed. Preliminary review of the forecast data shows merchandise incentive usage is rising this year at the rate of 22.5 percent, while travel expenditures are up about 12 percent. This may reflect a relatively high cost among travel users, as shown by the rating of expenditures as a percentage of incremental sales.

Although the average report shows travel costs rising from 12 percent to 13 percent, the median rises from 12 percent to 15 percent, the largest increase shown and the only case in which the median cost exceeds the arithmetic average.

The uncertainties of travel costs, as seen in the comments of many users, may be contributing to a shift of emphasis away from travel. Nevertheless, expenditure for trip awards this year will still represent almost 22 percent of the total bill for sales incentives. In 1980 it was a shade over 23 percent.

Salesforce travel at 48 percent of all spending

Travel for salespeople has, however, been on the increase for several years—vis á vis the larger travel usage in dealer programs. Sales incentive travel in 1980 is estimated to have accounted for 48 percent of all travel expenditure, a figure much higher than a few years ago.

It seems likely this year represents only a momentary pause in the application of the travel concept to salesforce incentives. The appeal has been demonstrated clearly, and it is not probable sales executives will withdraw for long from the lure of travel to motivate their key people.

When these users gave us most of the information on their plans for this year's promotional efforts, only a dim shadow of 1981's full marketing needs had been seen. With the unfolding of the full shape of this year, it is possible that many things will have occurred to change the actual picture of the year's incentive activities.

Yet, from what can be known now, it is pretty clear this segment of American business is putting its greatest faith in the power of the salesforce and pulling out every stop to motivate this key element in the distribution chain. How well it works may depend somewhat on the course of the total economy—and vice versa. ■

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DEALER INCENTIVES
$1,551,885,000

When incentive users entered 1980 with a consumer-first psychology and a relative hold-back on trade incentive promotions, dealer programs appear to have borne more of the cutback than sales force incentives.

Although the trend reversed itself near year-end, the total dealer-aimed incentive expenditure for 1980 was estimated to have risen by a relatively weak 10.3 percent, compared with a 12.7 percent growth for sales incentives. Merchandise programs aimed at retailers and wholesalers stayed below two digits—at 9.7 percent—while travel campaigns moved ahead at an 11.5 percent rate.

The final estimate of 1980 dealer spending came to $1,551,885,0000—less than $10-million under the forecast a year ago—but the emphasis, originally indicated as falling on merchandise offerings, shifted to travel plans.

Dealers can influence action—but, if consumer purchasing is depressed, the retailer tends to pull back. Sales incentives then take on the burden of stimulating activity. The dealer often pictures him-

FAST FACTS . . . Dealer Incentives

- *After a sluggish 1980—10% growth—dealer incentives rebounded in 1981, gaining 15.3%. Dealer merchandise spending was up 15.7%; travel was up 14.4%.*
- *Spending brings total dealer incentive usage to $1.788 billion in 1981. Merchandise awards got 67%, travel awards 33%.*
- *Field is mixed. Participation and sales increases better in 1981 than in 1980, but not up to levels of 1979.*
- *Results: Typical dealer incentive program—merchandise and travel—produced 16.7% sales gain in 1981, against 14.3% in 1980. Good, but still below 17.6% gain recorded by 1979 survey group.*
- *Participation levels are the same story: better, but not the best. 25% of eligible dealers earned merchandise awards this year, up from 20% in 1980. For travel awards, 15% won trips in both years.*
- *Award costs holding steady. Merchandise median is $50 both years; travel median is $1000 for both years.*
- *17 of 32 industry groups surveyed had above-average growth, but many are small users of dealer incentives: Furniture & Floor Coverings, Luggage, Industrial Chemicals, Insurance. Largest user—Auto Parts—dropped 0.4%; second largest—Farm Equipment—up just 6.4%.*

self as buying agent for his customers—and, in the case of retail store operators, their shelf and floor space becomes precious beyond description. The manufacturer's ability to break this barrier may be taxed too much in a recessionary economy.

Nevertheless, dealer incentive expenditures were slated to rise considerably this year—not so much as for sales incentives, but well beyond recent rates. The users' 1981 forecasts average a 15.3 percent increase this year—up 15.7 percent for merchandise awards and 14.4 percent for travel.

The result would be a total of $1,196,937,000 for merchandise incentives and $591,868,000 for travel. Total bill: $1,788,805,000 this year.

In terms of marketers' results with dealer incentives, the picture is spotty. Sales increases in 1980 averaged somewhat below the previous year's reports. The 1981 estimates were up, but still not quite matching 1979. Participation among the users surveyed this year rose over last year's qualifiers—but not to the level of the last comparable survey.

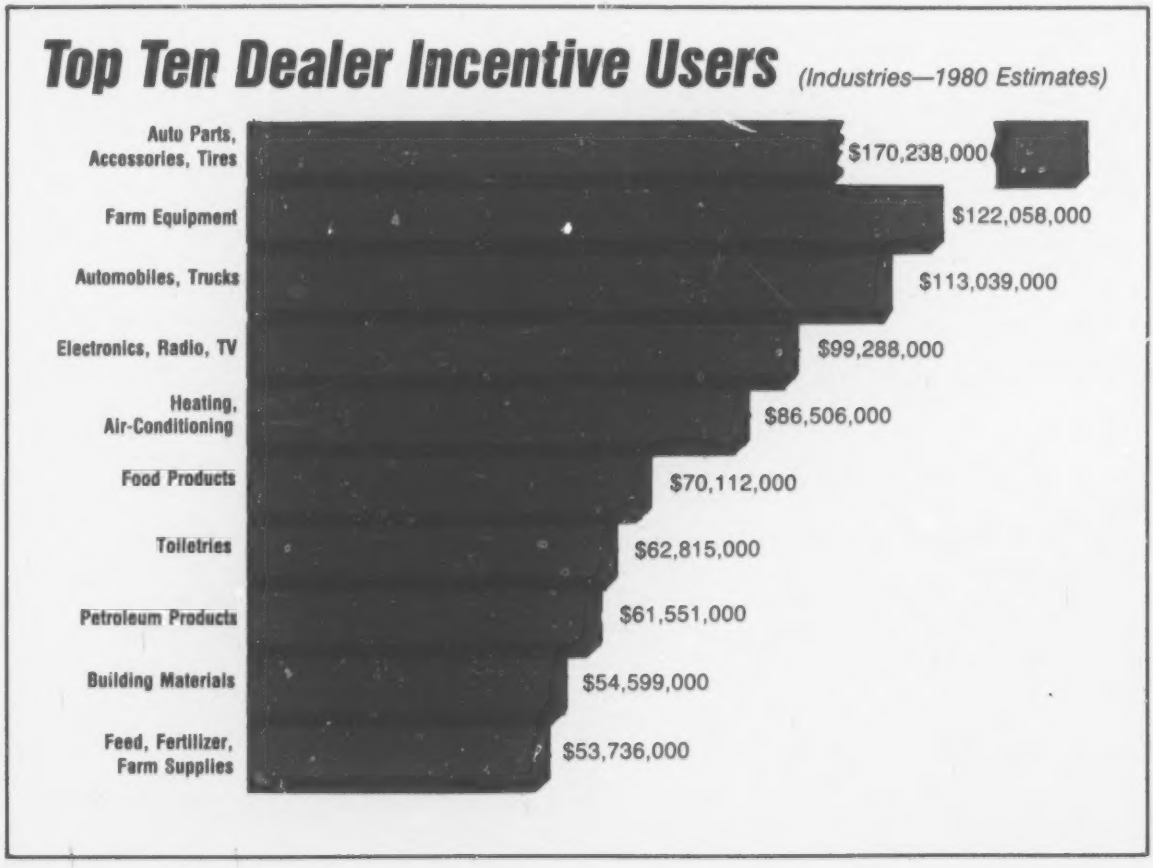
Incentive costs in dealer promotions rose moderately—perhaps less than the inflationary picture would suggest—and the overall program cost, as a percentage of incremental sales during the promotion periods, increased somewhat less than those for sales incentives.

17 industries report above-average dealer activity

Seventeen industries showed increased dealer incentive usage in 1980 that was significantly above the overall average, however. Others showed less growth or none, while wholesalers & distributors—a very large category—expanded their dealer incentive programs by only 9.3 percent. The automotive aftermarket, largest user in this category, recorded a slight loss of volume—0.4 percent—but maintained its lead with an estimated usage of $170,238,000.

Those industries that expanded their dealer incentive activity by 14 percent or more were:

Automobiles & Trucks	+16.0%
Banks and Savings & Loan	+14.1%
Building Materials	+15.0%
Electrical & Lighting Equipment	+14.0%
Electronics, Radio & TV	+14.6%
Food Products	+14.6%
Furniture & Floor Coverings	+20.6%
Hardware	+16.0%
Heating & Air-Conditioning	+15.1%
Industrial Chemicals	+18.0%
Insurance	+17.6%
Luggage, Jewelry & Accessories	+19.2%
Office Equipment	+15.2%
Paints & Varnishes	+16.9%
Publishers, Printers, Broadcasters	+14.2%
Sporting Goods & Toys	+15.4%



Toiletries & Cosmetics +15.7%

In addition to the defection of distributors & wholesalers as major contributors to growth—and the static condition of the leader, Auto Parts, Accessories & Tires—the second-largest user of this technique, Farm Equipment, turned in a lackluster 6.4% growth in incentives for dealers last year.

Moving from 1980, which was supposed to be a big year for consumer promotion growth, the end of one recession and the foreshadowing of another caused all trade incentives—both sales and dealers—to end last year in a stronger position than had been anticipated. But dealer incentives, nevertheless, dropped to 18 percent of the total incentive field for 1980, compared with their 18.3 percent share the previous year. But they are expected to rebound to about an 18.4 percent share by the time all 1981 figures are in.

With the slight shift in the direction of travel plans for dealer motivation last year, travel recorded a 33.3 percent share of all dealer spending; for 1981, the percentage is expected to be an even 33 percent, with slightly heavier merchandise growth. This compares with the status of travel in the sales incentive arena—going from 23.2 percent last year to a level of 21.6 percent in 1981, as merchandise usage in that category is expected to outstrip travel.

Although there has been some change in the intensity of dealer promotion among the industries, there has been no change in the composition of the Top Ten user industries—but there was one shift of position. Petroleum Products, which had held the No. 7 position as a user of this type of incentive in 1979, increased its usage last year by 12.8 percent to about $61,551,000. But it was not enough to hold the position, as Toiletries & Cosmetics upped its dealer incentive budget by 15.7 percent to $62,815,000 nosing the oil companies out of seventh place into eighth.

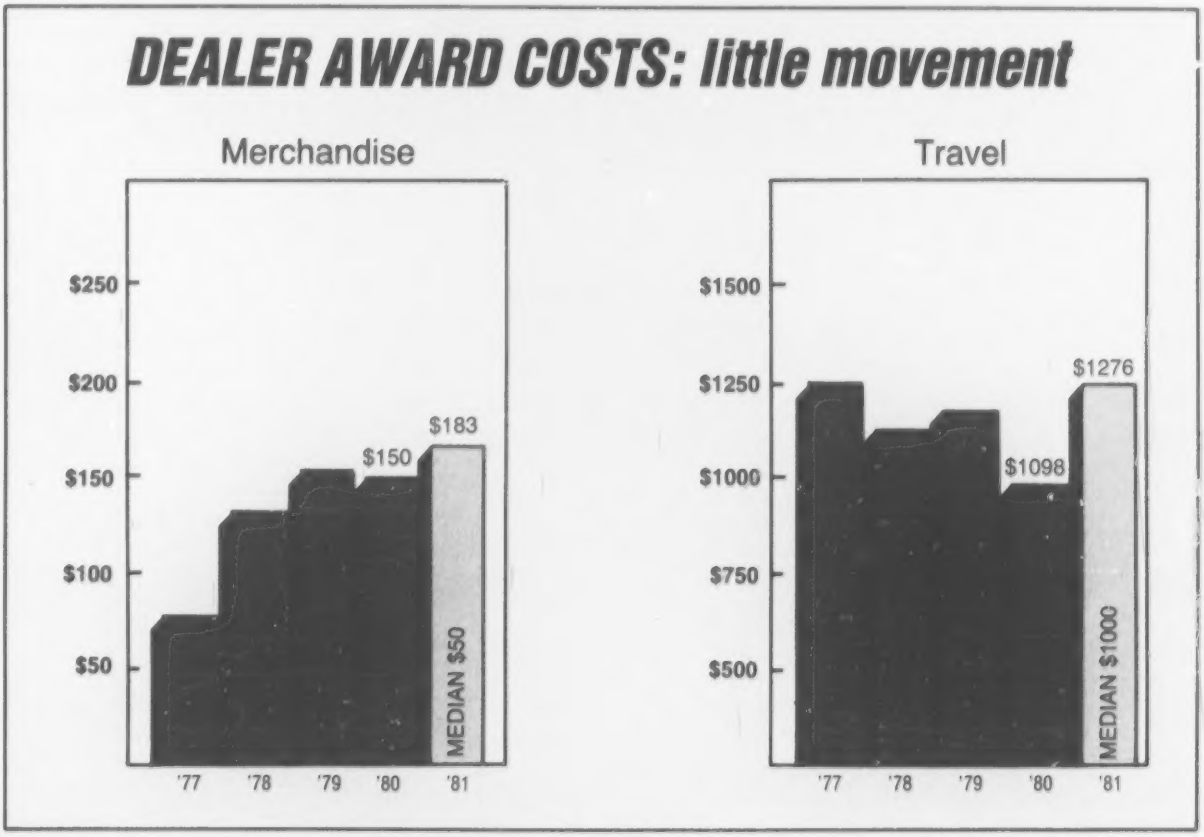
The top of the list was not affected. Auto Parts, Accessories & Tires, although not increasing incentive use at all, held a comfortable edge of about $48 million over the Farm Equipment industry—which did not make much of a challenge, advancing only 6.4 percent in this type of promotional effort.

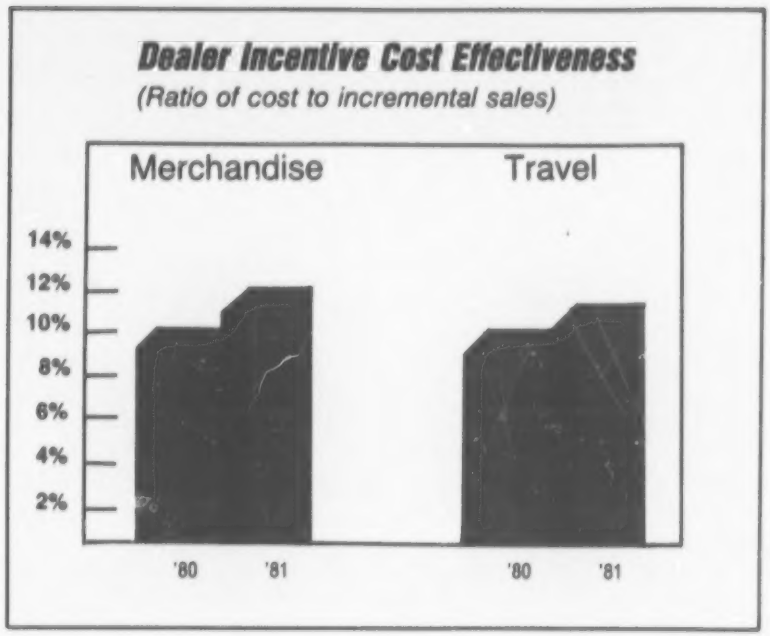
The next four highest users—Automobiles & Trucks; Electronics, Radio & TV; Heating & Air-Conditioning; and Food Products—all were among the above-average gainers in incentive spending.

Results as percentage of incremental promotion sales

There are four bottom-line elements on which the IM Census Survey elicits reports. On one side of the ledger are the results in terms of sales increases during a campaign, and the percentage of eligible people who qualify and earn awards. On the other side are the dollar cost per incentive unit and the final accounting, cost of the program as a percentage of the incremental sales gained during

DEALER AWARD COSTS: little movement





the promotion period.

While users indicate they are still relatively satisfied with the results of their programs, there has been some slippage in the sales effect in the past two years.

In their sales performance for 1980, the responding executives told IM they averaged 14 percent increases with merchandise incentive plans, 15 percent with travel. This year, the same companies found merchandise promotions were yielding sales increases of about 17 percent, and travel campaigns increased to an average of 16 percent sales gains. The medians were quite a bit lower—6 percent last year for both types of program, and 7 percent now in both cases. Thus it is clear that, while some users can achieve rather high gains, and thus run up the average, the norm is considerably lower.

The average sales increases, merging merchandise and travel incentives into one group, were 14.3 percent last year and 16.7 percent estimated in 1981. Both are somewhat below the 1979 figure cited by respondents in a similar survey a year ago—17.6 percent. Last year's performance average was the first drop below the 15 percent level since the recession year of 1975.

Participation has improved during the two years for these executives—although a comparison of their 1981 figures with previous surveys shows both merchandise and travel one percentage point below last year.

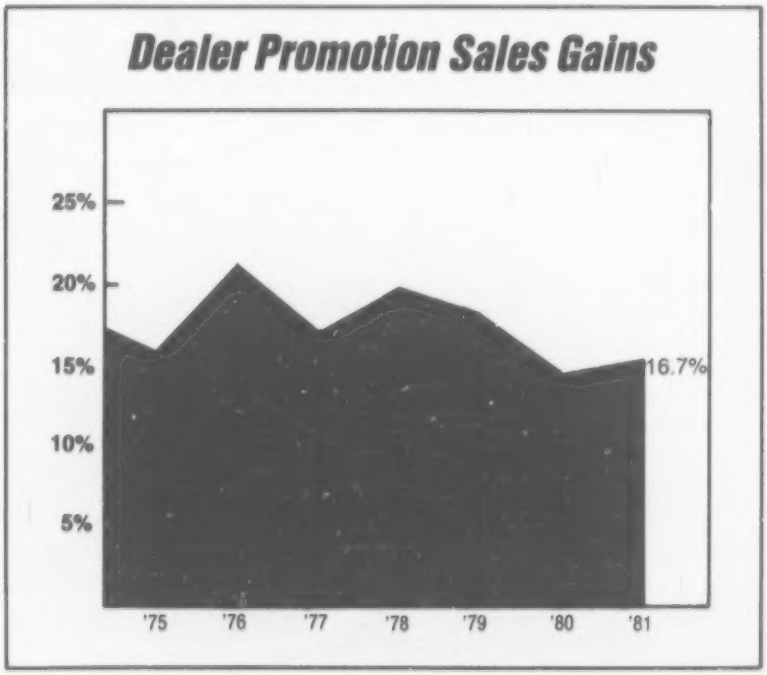
These users said 23 percent of eligible people earned their travel awards last year, and this increased to an estimated 24 percent in 1981. With merchandise, they did even better—going from a 1980 record of 29 percent of dealers accepting the offers to 33 percent this year. Again, because the averages are distorted slightly by some high-participation programs, the medians are lower: 15 percent in both years for travel, 20 percent last year and 25 percent now for merchandise.

Users succeed in holding down unit cost

Users have been trying, through several years of inflation, to hold the line on the unit cost of their incentive awards, and it appears that overall they are succeeding to some degree. The average for merchandise awards in the present reports goes from $150 ($6 below last year's survey) to $183—but the median expenditure remains at $50.

A similar situation prevails with travel costs. Last year's $1098 average was below the 1980 survey figure of $1212, and rose to $1276 this year. But, again, the median held—at $1000 per trip for a couple.

The cost-effectiveness of dealer promotion has fared somewhat better than that of sales incentive



programs. In 1979, the survey found an average percentage of incremental sales spent for the incentives of 11.5 percent. Last year's survey showed 11 percent—considering both merchandise and travel together. On the same basis, the present respondents show their cost in 1981 as 11.3 percent, while they spent 10.7 percent a year ago.

Considering merchandise incentives alone, these users' 1980 performance showed a cost of 11 percent of incremental sales, rising to 12 percent this year—with the medians at 10 and 12, respectively. For travel incentive efforts, last year they averaged 10 percent, and held that level so far in 1981—but with the median rising from 10 percent to 11 percent.

All of these figures, from several surveys, are so closely clustered together that it suggests a remarkable performance by marketers in keeping their budgets in line, even in the face of many rising costs. There appears to be a fairly simple answer in the fact that many of them have merely restructured their rules and award schedules to get a little more performance for the same money—no mean trick in this economy. The slight decline in sales performance shows they are paying a price at that end—but clearly not one they consider excessive.

Respondents expect to level off spending in 1982

What of the future for these users of dealer incentives? They have increased their activity strongly in 1980 and 1981, but there is a slight indication of a lessened rate for 1982. While 55 percent of merchandise users raised their budgets last year over 1979, and 58 percent are spending still more this year, only 38 percent see another increase in 1982. About 28 percent expect to spend less next year, while 32 percent will stand pat at the 1981 level.

Among travel users, where 54 percent are spending more this year than last, only 40 percent expect to continue escalating. Another 28 percent hope to cut back some, and the remaining 32 percent will hold their expenditures on a par with 1981.

Although these figures show a slightly lower intensity in expansion of incentive plans, they will reflect a relative vigor in the technique, with the great majority spending as much or more than they have. And, in the history of these surveys, a majority indicating heightened spending, as they did for 1980 and 1981, is unusual. "Increase" is, too, a relative word that can change with time and with interpretations. A very small increase can turn into a larger one if market conditions demand it; a flat budget can turn into an increase when the need is there and the results call for additional expenditure.

The state of the economy at this point suggests that trade incentives—both dealer and sales—will be in demand at least through the first half of next year to help marketers squeeze every available sales dollar out of a languid marketplace. ■

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TRAVEL INCENTIVES $988,813,000

The expansion of incentive travel—going at a high rate for a decade—slowed somewhat in 1979. But in 1980 travel staged a comeback of sorts, relative to the rest of the incentive field and to merchandise incentives in both sales and dealer categories.

Growth was not spectacular—an estimated 13 percent. But it was enough to exceed the total field's increased spending of 12.3 percent . . . the 12.1 percent rise in merchandise sales incentives . . . and the 9.7 percent increase in dealer merchandise programs.

Sales incentive travel climbed 14.6 percent in 1980, to a new high of $471,446,000, while trips for dealers were up 11.5 percent to $517,367,000. The total neared the $1-billion mark for the first time, logging a 13 percent gain to $988,813,000—and was to pass that milestone in 1981, with an estimate of $1,119,888,000 for this year, 13.3 percent ahead of last year's pace.

While sales incentive travel outstripped dealer programs last year, the reverse was considered likely in 1981, according to the users' predictions—sales force cam-

FAST FACTS . . . Incentive Travel

Two years of strong growth, with spending on incentive travel up 13% in 1980, and another 13.3% in 1981. Travel accounted for 26% of trade activity in 1981.

Sales force incentive travel up 12% in 1981, to $471 million, and dealer incentive travel up 14.4%.

Most of top 10 users had healthy increases. Insurance—the largest user—was up 14.4%. Only exceptions to 1980 growth: Auto Parts, up 8.1%; and Farm Equipment, remaining the same.

Users are holding line on trip costs, up just 3% from 1980 to 1981. Average went from $1207 to $1248, while median was $1000 for both years.

Result: biggest swing to domestic sites since **IM** *began survey on this question in 1974. Sales force travel: 65% of dollars spent at domestic sites, 35% overseas. 44% of dealer travel money spent domestically, 56% on foreign trips.*

Results and participation levels holding up. Median sales increase for sales force travel program was 9%, for dealer programs, 7%. 29% of eligible sales force won typical trip, against 27% last year, while 24% of dealers earned trip, against 23% in 1980.

paigns are said to be increasing in dollar expenditure by just 12 percent, while the promotions aimed at retailers and distributors are moving up by 14.4 percent.

Travel last year accounted for 11.4 percent of all incentive spending, and 27.6 percent of trade incentive dollars, a new high share. This year, the overall share will not change greatly—an estimated 11.5 percent—but the share of trade efforts will probably drop to 26.5 percent, because of increased plans for spending on merchandise award programs. All trade promotion is going up at a forecast rate of 18 percent this year, with the merchandise segment of sales incentives taking the largest gain, 22.5 percent. Dealer merchandise offerings will also outweigh travel, the survey respondents told us, by 15.7 percent compared with 14.4 percent.

The economic problems that were blamed in part for a slowdown in travel in 1979 spending have not disappeared, and their effects are still felt. Inflated costs of every travel element from air fare to hotel accommodations—and the uncertainties that such costs will be able to be held to original projections—have caused some users to keep a tight rein on their budgets.

Shorter trips, domestic sites, help hold down costs

A good share of the budget control has come in choosing domestic destinations rather than foreign—and also, apparently, in shorter overall duration.

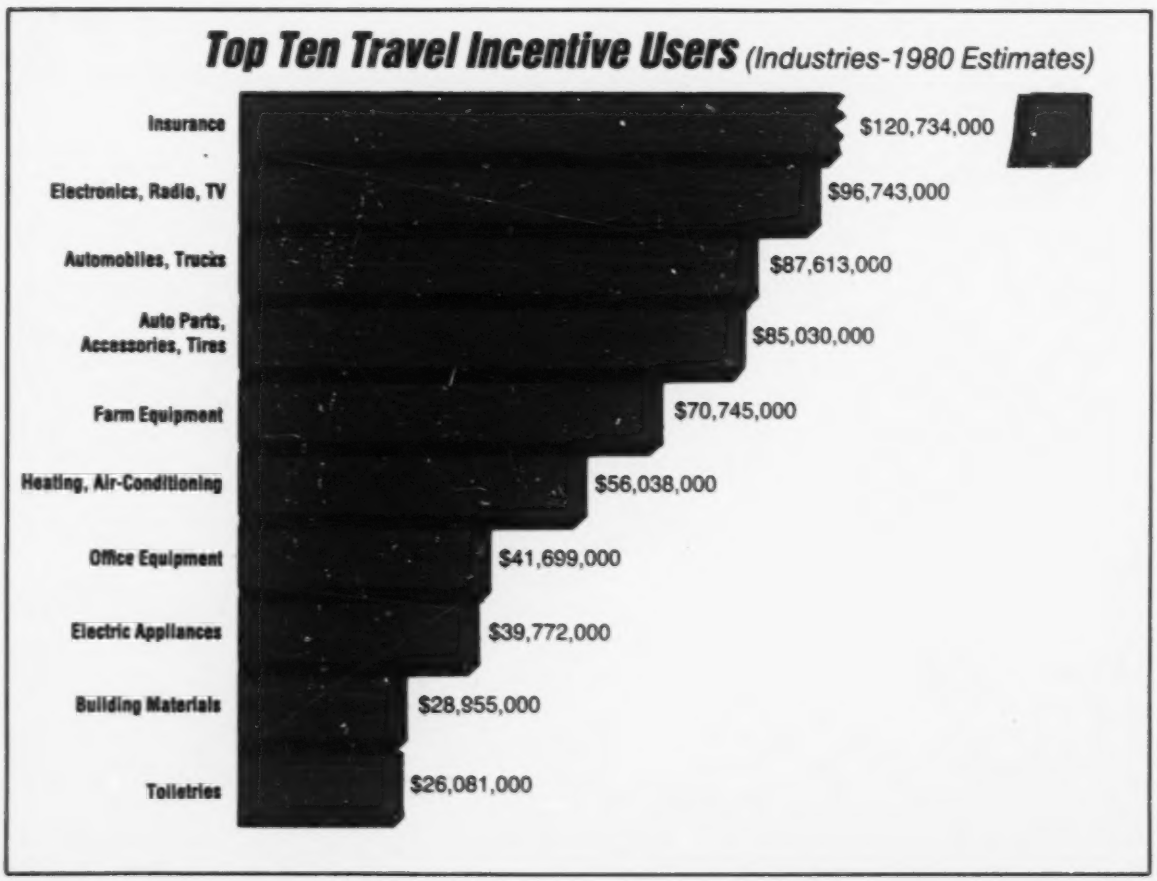
The latest survey shows 58 percent of all travel dollars reported in 1980 were for domestic travel. This is the largest share for domestic travel since we first surveyed the question in 1974. In the last survey, for 1979, the result was almost opposite—57 percent of all expenditures were for foreign trips.

Part of the shift has been caused by another realignment in travel programs—the larger growth of sales incentive trips, where domestic destinations have always been favored. In 1980, sales incentive travel was 65 percent domestic, only 35 percent foreign. For dealer programs, the breakdown was 44 percent domestic and 56 percent foreign.

In the total picture of unit trip costs, users have done remarkably well in holding the line—another indication that they have made program changes to keep cost increases from getting out of hand.

The average unit cost among the survey respondents is $1248, against $1207 in the previous study—with the median at $1000 for both years. To spend only a little over 3 percent more for a trip for a couple, they surely cannot be buying the same distance or duration they were buying in a previous period.

There has been no change in this year's reports indicating the



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industries that are the Top Ten users of travel, although there is one shift in position on the list.

Seven industries not in the Top Ten spenders increased their investment in incentive travel last year by more than 15 percent:

Industrial Chemicals	+18.9%
Hardware	+17.7%
Paints & Varnishes	+17.1%
Electrical & Lighting Equipment	+15.7%
Sporting Goods & Toys	+15.2%
Furniture & Floor Coverings	+15.1%
Publishers, Printers & Broadcasters	+15.1%

Though effectiveness has lessened, enthusiasm is high

The effectiveness of travel incentives in 1980 and 1981 does not show a totally consistent pattern, but generally appears to have slipped a bit—yet not enough to dampen users' enthusiasm for the technique to any great extent.

In general, sales incentive travel appears to have cost somewhat more than merchandise programs in the same period—while dealer programs cost about the same last year and a bit less now. The comparisons relate to overall estimates of cost as a percentage of incremental sales during the campaign period.

The first step in evaluating any incentive program is usually a reading of increase in sales volume during the promotion. By that measure, the users in the latest survey report improved results this year over their 1980 performance.

Users of sales incentive travel plans indicated they gained an average of 16 percent last year, but have raised that to 20 percent for 1981.

On the dealer side, 1980's yield of 15 percent greater sales has risen a bit to 16 percent.

Among sales incentive users, these travel results were somewhat better than they experienced in merchandise programs—15 percent last year and 18 percent for 1981. Dealer users did better with travel than merchandise (14 percent) last year, but this year the advantage has switched to merchandise promotion, 17 percent vs. 16 percent.

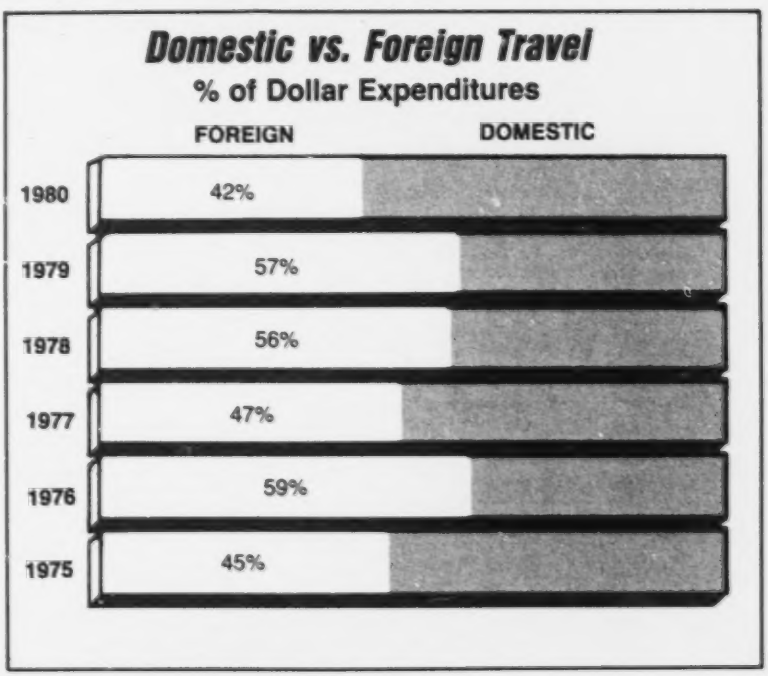
Since some users, by the nature of their industries or their sales methods, characteristically enjoy rather high percentage increases, the median gains are quite a bit lower than the averages. This year the median sales incentive gain is 9 percent, compared with a median of 7 percent for those aiming their promotion at dealers.

Participation levels prove an effective success monitor

The level of participation by eligible people is another important gauge of the effectiveness of an incentive activity. For both types of travel usage, this has improved a bit from 1980 to 1981. Sales incentive users report 27 percent qualified for travel awards last year, and 29 percent are earning trips now. In dealer campaigns, the comparable figures are 23 percent and 24 percent. In all cases, these participation levels are 7 to 10 percentage points below the same results in merchandise promotions.

The unit cost of trips, as has

User budget control has been helped by more emphasis on domestic sites, partly caused by the growth of sales force incentive travel.



been noted, held the line extremely well between 1980 and 1981, indicating a trimming away of miles or days or other elements of a trip. It appears, however, that those promoting to dealers and distributors have been slightly less successful—or less interested—in cost-cutting. Dealer trips a year ago averaged $1098 in cost, while the present year's cost is up to $1276. In sales incentive plans, however—where domestic destinations are favored—the average cost rose only from $1103 to $1240. For all, though, the median cost is still $1000 per couple.

Travel users keep incremental costs in check

The real figure to watch, however, is the one that tells how much of your hard-won extra volume has been spent in the effort to bring it in—the cost as a percentage of incremental sales.

Travel users generally have held this cost in check better than those conducting merchandise plans. The cost-effectiveness of dealer travel programs is reported as stable in both years—10 percent of incremental sales. For sales incentive promotions, the cost moved up from 12 percent in 1980 to 13 percent this year. Looking at the medians, however, the picture is less positive. The sales incentive median cost rose from 12 percent to 15 percent, and the dealer average from 10 percent to 11 percent.

Nevertheless, this movement in cost-effectiveness does not appear to be shaking the intentions of users to continue with their travel programs. In some past years, the percentage of incremental sales has risen to averages of 12 percent or 13 percent without a deterrent effect. Thus, to hold the line even this well is a tribute to management of the incentive programs.

The progress of incentive travel usage in these two years has been far from spectacular—far from the rapid growth in many previous years. But travel has come out slightly ahead of the average for the total incentive field in both years—and with a good performance record among its users.

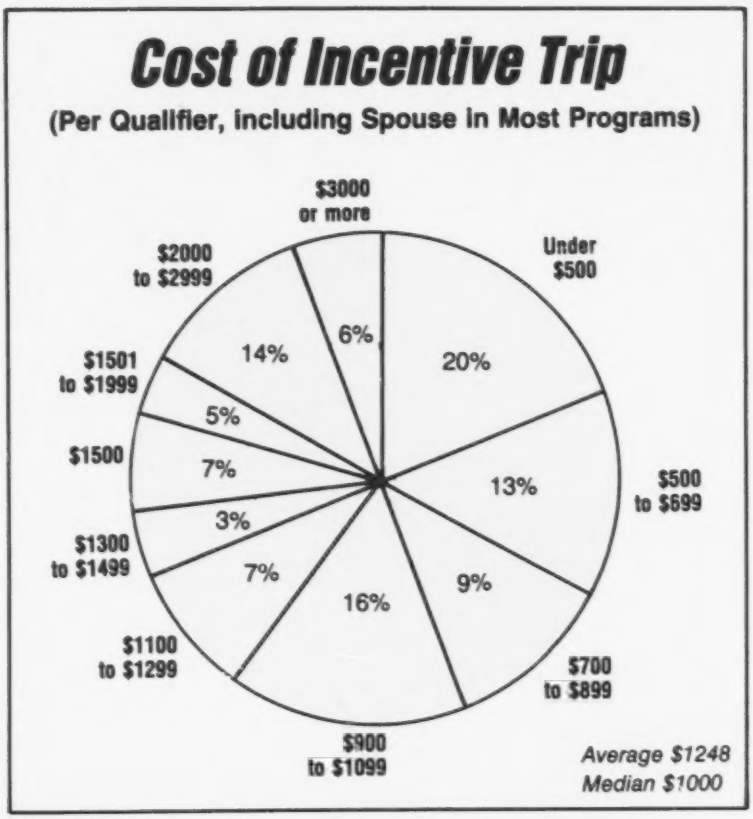
The economic seesaw that led to some increased emphasis on consumer promotion in 1980, partly at the expense of trade motivation, has shown distinct signs this year of teetering the other way, with an upswing in trade incentives. Merchandise promotions seem to have been the first beneficiaries—with reason, since the planning and lead time requirements of travel are greater—travel programs that were not planned by last spring were not likely to happen this year.

In today's economic climate users need trade incentives

Entering our second recession in a short period, American business needs the flexible tools of trade incentives to a somewhat higher degree than it needs intensified consumer promotion. Trade programs, travel or merchandise, are more predictable, manageable, and versatile.

In the uncertainty of the depth or length of this recession, forecasting becomes a shaky business. And the implications for 1982 in the latest survey reports have not yet been fully analyzed.

But there are early indications that all incentive effort—certainly including travel programs—will move ahead next year at a livelier pace than we have seen recently. Whether still in recession or emerging from it, strong motivation will be sorely needed. ■



Users are holding trip costs in check: the average in this year's survey is $1248, up only 3% from a $1207 average last year. This is a further indication that program changes are being made—such as shorter trips and more domestic sites—to keep these increases from getting out of hand.

CONSUMER PREMIUMS $4,313,054,000

A change of course by many users of consumer promotions late in 1980 and early this year brought a marked shift in the outlook for consumer premium programs in 1982—and a sharp change in the earlier estimates for this year's usage.

The result of these apparent reappraisals of market conditions was a slightly smaller expansion of consumer efforts in the latter part of 1980—plus a suggested sharp curtailment this year.

Trade incentive activity—notably sales incentives—is the clear beneficiary of the changes. It may not be that users made a conscious budget shift from one incentive technique to another—many do not use both types. But the overall effect of lessened consumer emphasis and heightened trade effort produces the same result.

IM's January 1980 Incentive Forecast dubbed last year "The Year of the Consumer," on the basis of estimates consumer promotion would advance by 14.9 percent, while trade incentives were seen as lagging somewhat—about 11 percent over the 1979 rate. At that time, the trend was seen as

FAST FACTS . . . Consumer Incentives

- *One good year, one weak year: that was 1980-81 in consumer incentives. American business increased spending on consumer incentive programs by 12.3% in 1980, but then grew just 8.8% in 1981.*
- *Even more revealing: manufacturers increased their spending on consumer incentives just 5.6% in 1981. Retailers upped their dollars by 12.2%.*
- *And techniques associated with manufacturer's promotions lagged in 1981: self-liquidators, up 6.3%; free mail-ins, up 10%; and sweepstakes, up 6.0%.*
- *Trading stamps had healthy 1980, gaining 11.4%. But more woes in 1981, and increase fell to only a 2.8% gain in dollars.*
- *Users are spending more in 1981 than in 1980, but the rate of increase has dropped below that of last few years. Reflects shaky economy, when promotion attention often turns to trade incentives.*
- *Free is still the magic word in consumer promotion. When asked to match most effective premiums for various marketing goals, top honors went to direct premiums, factory-packs, free-in-the-mail offers.*
- *Self-liquidator continues as most cost-effective consumer premium promotion, say these users.*

CONSUMER INCENTIVE SPENDING—1980

Food Products	680,116,000	Paper Products & Packaging	20,666,000
Toiletries & Cosmetics	214,813,000	Apparel	19,276,000
Banks, Savings & Loans	165,853,000	Industrial Chemicals	13,185,000
Housewares, Home Furnishings	74,583,000	Sporting Goods & Toys	12,621,000
Petroleum Products	69,710,000	Heating & Air Conditioning	11,941,000
Auto Parts, Accessories, Tires	69,141,000	Paints & Varnishes	11,215,000
Detergents & Cleansers	66,050,000	Electrical & Lighting Equipment	11,132,000
Beer, Ale, Soft Drinks	65,885,000	Farm Equipment	10,111,000
Publishers, Printers, Broadcasters	61,230,000	Furniture & Floor Coverings	8,712,000
Feed, Fertilizer, Farm Supplies	53,275,000	Public Utilities	8,096,000
Office Equipment	50,321,000	Hardware	7,832,000
Insurance	46,272,000	Machinery & Supplies	7,523,000
Electronics, Radio, TV	28,023,000	Automobiles & Trucks	6,581,000
Pharmaceuticals	27,296,000	Luggage, Jewelry, Accessories	5,523,000
Building Materials	24,532,000	Miscellaneous Manfacturers	388,426,000
Electric Appliances	21,981,000	Distributors & Wholesalers	308,133,000
		TOTAL	$2,570,054,000

LEADING USERS-CONSUMER INCENTIVES

Self-Liquidators

1 Food Products
2 Toiletries & Cosmetics
3 Banks, Saving & Loan
4 Auto Parts, Accessories, Tires
5 Detergents & Cleansers
6 Beer, Ale, Soft Drinks
7 Petroleum Products
8 Building Materials
9 Feed, Fertilizer & Farm Supplies
10 Pharmaceuticals

Direct Premiums

1 Banks, Savings & Loan
2 Housewares, Home Furnishings
3 Toiletries & Cosmetics
4 Petroleum Products
5 Publishers, Printers, Broadcasters
6 Food Products
7 Office Equipment
8 Beer, Ale, Soft Drinks
9 Feed, Fertilizer, Farm Supplies
10 Auto Parts, Accessories, Tires

Sweepstakes & Contests

1 Food Products
2 Toiletries & Cosmetics
3 Publishers, Printers, Broadcasters
4 Petroleum Products
5 Auto Parts, Accessories, Tires
6 Banks, Savings & Loan
7 Beer, Ale, Soft Drinks
8 Insurance
9 Building Materials
10 Electronics, Radio & TV

Free Mail-In Offers

1 Food Products
2 Insurance
3 Toiletries & Cosmetics
4 Detergents & Cleaners
5 Electric Appliances
6 Publishers, Printers, Broadcasters
7 Beer, Ale, Soft Drinks
8 Paper Products, Packaging
9 Feed, Fertilizer, Farm Supplies
10 Electronics, Radio, TV

Factory-Packs

1 Food Products
2 Toiletries & Cosmetics
3 Office Equipment
4 Detergents & Cleansers
5 Pharmaceuticals
6 Beer, Ale, Soft Drinks
7 Apparel
8 Publishers, Printers, Broadcasters
9 Feed, Fertilizer, Farm Supplies
10 Paper Products, Packaging

Coupon Plan

1 Food Products
2 Feed, Fertilizer, Farm Supplies
3 Tobacco Products
4 Toiletries & Cosmetics
5 Industrial Chemicals
6 Detergents & Cleansers
7 Paper Products, Packaging
8 Electronics, Radio & TV
9 Electrical & Lighting Equipment
10 Pharmaceuticals

likely to continue into 1981—with an especially stronger forecast for self-liquidators, predicted by users as rising more than 20 percent this year.

The final estimates for 1980 did not change the picture vastly. Consumer promotions did advance more than trade—but by 12.3 percent instead of 14.9 percent. And trade promotion stepped up about 11.6 percent. But the users' new forecasts this year for 1981 spending showed clearly why the steam was partly taken out of the 1980 consumer growth.

Their new forecasts were made in the period of March through May of this year. And they show a complete turn-around of the earlier trend that almost got going. Manufacturers' consumer promotions for this year are now expected to advance a paltry 5.8 percent; retailers will be a bit more active, up 12.2 percent. But incentives for retailers and distributors will be increased by an estimated 18 percent before this year has ended.

The new estimate of manufacturer promotions in 1980 is $2,570,054,000—with an indicated growth this year to an annual rate of $2,719,211,000.

Retailers spent another $1,743,000,000 to promote to their customers last year, and are expected to account for $1,956,000,000 of 1981 spending.

Most growth is close to inflation rate

Only one type of consumer premium promotion—the small coupon plan category—approached the overall expected growth level last year, with 14.9 percent. The other types were remarkably close together in their expansion—and that "expansion" was very close to the inflation rate. Direct premiums increased 11.9%, to an estimated rate of $672,977,000 in 1980. Self-liquidators and free mail-ins rose by exactly the same rate, 12.1%, to $790,693,000 and $337,105,000. Factory-packs also accounted for a 12.1 percent increase, to a total of $357,434,000. And sweepstakes & contests cost marketers $144,250,000 last year, up 11.1 percent. Trading stamp usage increased by 11.4 percent, to $458,000,000. Other retail promotion was up 14 percent to $1,285,000.

In most cases, however, the 1981 forecast makes last year's growth in spending look lavish. Only in factory-packs do the users report they are now spending significantly more—19.3 percent ahead of last year, for a new estimate of $426,419,000.

One consumer promotion type—the direct premium—is actually expected to decline in dollar expenditure for 1981—by 5.6%—for a total of $636,290,000, about $37-million under the 1980 figure.

Users' forecasts showed that in 1981 the coupon plan will probably increase by 9.6 percent; self-liquidators, 6.3 percent; free mail-ins, 10.0 percent; and sweepstakes, 6.0 percent. Trading stamps will increase only 2.8 percent in dollars spent, while other retail promotion to consumers is estimated to be 13.1 percent ahead of last year's pace.

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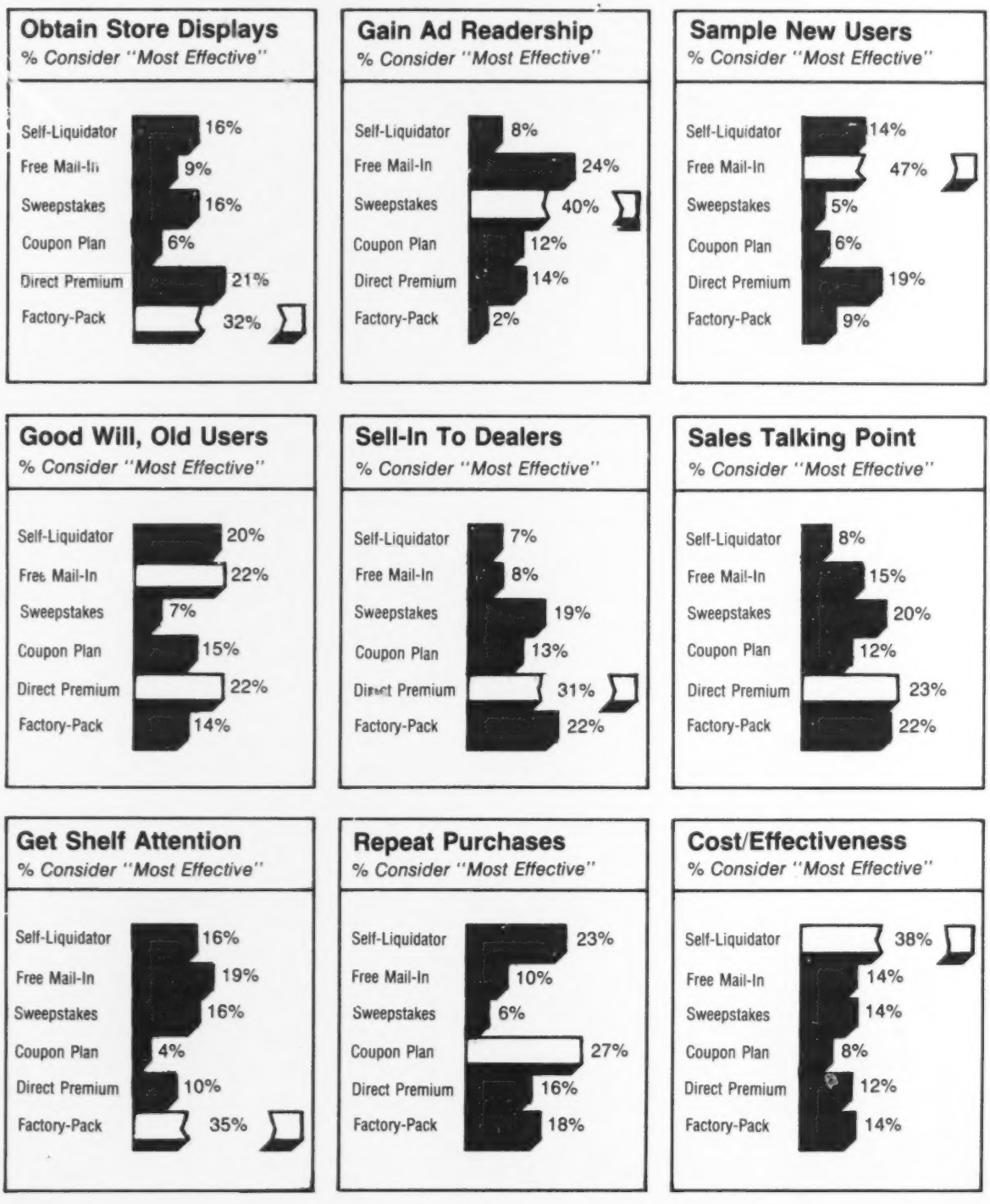
EFFECTIVENESS OF 6 CONSUMER INCENTIVE TYPES

(Rated by Users Who Sell Through Supermarkets)



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The greatest expansion in consumer premium activity reported in 1980 was for Electronics, Radio & TV manufacturers, up by 22.0 percent. This industry also increased its trade promotion efforts substantially, and overall spent 17.9 percent more than in 1979.

A closer look at individual industry plans

But the industry with the second-largest growth in consumer spending showed a very different picture. While this area was up by 16.9 percent among makers of Auto Parts, Accessories & Tires, they actually reduced slightly their dealer incentive spending—while sales incentives were up. This is probably a natural outgrowth of an industry trend, rather than any economic indicator.

The automotive aftermarket for several years has been tending to move somewhat away from its former reliance on heavy incentives to the jobber and dealer trade—and is now more inclined to attempt to motivate all three levels with promotions which have a consumer orientation. This has been accelerated by the trend toward do-it-yourself car repairs and service, which is becoming an important part of the total market.

Office Equipment firms increased consumer efforts 16.5 percent last year, while also upping their outlay for trade incentives by almost as much.

Almost the same growth—16.4 percent—was reported by Banks and Savings & Loan associations, in a year when they were hampered in their planning by the threat of outlawing premiums by the Depository Institutions Deregulation Committee.

Two other industries kept the faith with the forecasts by increasing consumer promotion spending more than the 14.9 percent originally estimated—Detergents & Cleansers (+15.5 percent) and Furniture & Floor Coverings (+15.3 percent).

The weakest record on consumer incentive spending was turned in by the troubled Farm Equipment industry, which dropped a fraction of a point and $25-million from its budget. Others who did not quite make it to two digits were Beer, Ale & Soft Drinks (+9.2 percent),

Housewares & Home Furnishings (+6.0 percent), Machinery & Supplies (+8.7 percent), Petroleum Products (+6.1 percent) and Public Utilities (+8.6 percent).

Analysis of the users' reports from most industries shows that *more* of them are spending *more* for consumer promotion than was true a year ago. In the 1980 survey, the highest showing of increase—by number of users indicating higher spending—was 49 percent, with a large percentage keeping budgets unchanged.

This year's survey shows, however, that a majority is spending more in every one of the six consumer categories. They just are not spending *as much more* as they had previously anticipated. Here is the way their estimates compare for the two years:

	% Who Will Increase	
	1980	*1981*
Direct Premiums	49%	60%
Factory-Packs	43%	65%
Coupon Plan	44%	56%
Self-Liquidators	38%	53%
Free Mail-Ins	35%	60%
Sweepstakes & Contests	42%	54%

On the other side of the ledger, the largest percentages of defectors were 21 percent who planned to cut the use of sweepstakes and 19 percent who said they would spend less on self-liquidators.

The effectiveness of consumer incentives has not changed significantly, however. The present survey asked for opinions of those users selling through supermarkets, our major retail arena, on the best types of incentive to serve each of eight different sales objectives. This was not included in last year's survey, and the most nearly comparable figures are from a survey in 1979. The results, however, are not different in major respects.

Direct premiums meet numerous objectives

One thing that emerges from this study is the clear conclusion that "free" is best. Direct premiums got the top vote in three of the objectives, the related factory-packs in two, and free mail-ins in another.

The direct premiums are considered the most effective to achieve good will with old product users (tied with the free mail-in), for sell-in to dealers, and as a sales talking point. The last is one case where the lead has changed hands since 1979, but only by a small margin—the previous winner was factory-packs, considered best by 22 percent this time, with 23 percent going for the separate direct premium.

Factory-packs still hold sway as the leader to get shelf attention in the supermarket and to obtain store displays.

The free mail-in offers scored the strongest favorable vote of all—47 percent selection by the users—as the best type of incentive to sample new users.

Sweepstakes took the honors as a means of gaining ad readership, and the coupon plan was considered the most effective route to repeat purchases.

The ninth part of this question to the users was on overall cost-

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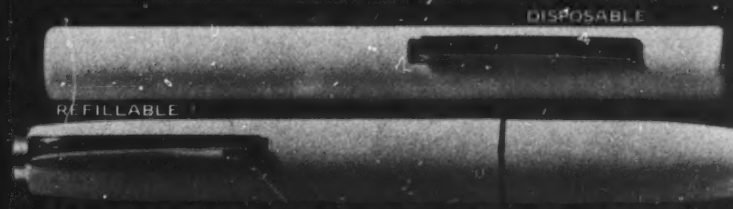

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effectiveness. There, the self-liquidator, which led in no other area, was the undisputed leader, chosen by 38 percent of the respondents.

The role of the cents-off coupon

Along with the six consumer premium techniques, the IM survey asked readers to rate cents-off coupons on all of the eight objectives. It is not surprising that many marketers hold to the view that the discount coupon is a device that can solve most problems. More than a third favored it over the premiums in all but one of the eight goals; only 28 percent consider the coupons superior to get shelf attention. The answers ranged from that low to a high of 46 percent, who believe discount coupons are the best route to repeat purchases.

And 41 percent even voted the cents-off devices most cost-effective.

In the area of retail promotions, the principal growth area remains continuity promotions, although they are more and more taking new forms in recent years. In addition to the traditional piece-a-week continuity, there has been increased use of tape plans, offering a choice of several items upon accumulation of so many dollars' worth of register tapes. Short-term stamp programs have also sprung up—using what amounts to trading stamps, but short in duration, offering a limited choice of items, and economically scaled to a much lower cost than the traditional trading stamp program. Games have been on the decline for a couple of years, but are still in the picture.

Trading stamps, which had been on a moderate comeback road since 1976, lagged a bit in relation to forecast in 1980. Against a previous estimate of 13.4 percent, growth to $466-million, they came in about $8-million short, for an 11.4 percent increase. But this year has dealt the stamp industry several harsh blows—drops by A&P and National food chains and by National Car Rental, as the major contributors of trouble. Stamp companies have been able to replace some of the lost accounts, but not enough. Hence a

prediction of growth which is actually a decline in the face of inflation—up an estimated 2.8 percent this year, to about $471-million in a year when the industry expected to pass the half-billion mark quite comfortably.

The record of manufacturing industries in 1980 consumer promotion resulted in some shifts in their relative positions as volume users. In the top ten industries, Beer, Ale & Soft Drinks dropped from sixth position to eighth, with Automotive Parts, Accessories & Tires and Detergents & Cleansers moving up.

Electronics, Radio & TV, one of the strongest industries in consumer spending last year, surpassed Pharmaceuticals by a fairly small margin, and Farm Equipment dropped two positions, below Paints & Varnishes and Electrical & Lighting Equipment.

Overall, the spending for consumer promotion of all types, including retail activity, amounted to $4,313,054,000 last year—just under half the total field, 49.9 percent. In most previous years, this segment has held a majority position by a percentage point or two at least. For 1981, the share is expected to drop to about 48 percent—$4,675,221,000 out of a total of $9,740,332,000.

Traditional happenings in a recessionary economy

The 1980-81 economic picture has not been one to inspire confidence in plans for marketing as usual. Traditionally—as in 1974-75—consumer promotion tends to lag in a recession period, while trade incentives may take an upturn. Many marketing executives find the tools of dealer promotion and particularly sales incentives—more flexible in solving problems of hard sell, inflation, product-mix questions, market identification and other unsettled or unsettling situations.

Coming out of one recession and facing the likelihood of another one, incentive users made the judgments that caused drastic revision in patterns that had been anticipated a few months earlier. They probably made the right decisions.

The next question is: How long will this new direction last? Will things turn around to a more normal type of approach next year?

1982 promises to be bigger consumer year

Final analysis of the forecast data for 1982 incentive usage has not been completed, but the preliminary indications are that the situation will reverse itself again—or, perhaps more accurately, users in the latest surveys *think* it will.

Their latest guesses seem to indicate they are betting on a change, and will increase their consumer incentive spending at a strong pace next year.

If they do, it will be a most favorable indication for the entire national economy. Trade incentive promotion we have always with us, as the engineers of distribution. But strong consumer protection is a reflection of a healthy economy. ■

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So if you want to be in the incentive market, contact us. That call or letter may be the smartest thing you've done in a long time.

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